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No. 2, February 1980

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Translation of the Russian-language monthly research journal SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA published in Moscow by the Institute of U.S. and Canadian Studies, USSR Academy of Sciences.

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L. I. BREZHNEV'S INTERVIEW FOR 'PRAVDA'

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 3-8

/Interview with L. I. Brezhnev by a PRAVDA correspondent, first published in PRAVDA, 13 January 1980/

/Text/ Question: Leonid Il'ich, how do you evaluate the present international situation, especially in light of the American administration's latest steps?

Answer: The consistent and creative pursuance by our party of the course of peace, detente and disarmament, of implementing the Peace Program set forth by the 24th and 25th CPSU congresses, has made it possible to achieve much. Broadly speaking, the main accomplishment is that we have succeeded in breaking the tragic cycle: world war--a brief spell of peace--world war again. We, the Soviet people, and our friends--the peoples of the fraternal socialist countries, all those who have struggled and continue to struggle for peace, for detente, for the peaceful coexistence of states with different social systems--have a right to be proud of this historic result.

But the situation, unfortunately, has noticeably deteriorated at the junction of the 1970's and the 1980's. The peoples must know the truth about who is responsible for this. I will answer without any reservations--the imperialist forces, and primarily certain circles in the United States, are to blame for this. The blame is on all those who see in detente an obstacle to their aggressive plans, to whipping up a militaristic psychosis, to interference in the internal affairs of other peoples. The blame is on those who have a deeply ingrained habit of behaving impudently toward other states, of acting on the international arena as though they can do everything.

It has been clear for some time already that the leading circles of the United States and of some other NATO countries have embarked on a course hostile to the cause of detente, a course of stepping up the arms race, which is leading to an increase of the war danger. The beginning of this was laid back in 1978, at the May session of the NATO Council in

Washington, where the automatic increase of the military budgets of NATO member countries until the end of the 20th century was approved. Lately, militaristic tendencies in U.S. foreign policy have found expression in the acceleration of new long-term arms programs, in the establishment of new military bases far beyond the United States, including the Middle East and the Indian Ocean area, and in the forming of the so-called "quick reaction corps," that instrument of the policy of military interference.

Now take such an important document as the SALT II Treaty. Its implementation would have opened the way to major steps in disarmament. As is known, this treaty received support throughout the world, including among the NATO allies of the United States, and in broad circles of the international public. What did the Carter Administration do with it? Hardly was the treaty signed, when people in the United States began discrediting it, while opponents of the treaty--not without the connivance of government circles in the United States--actually began using the ratification process to complicate its ratification. By his recent decision to freeze indefinitely the debate on the SALT II Treaty in the Senate President Carter added one more touch to this unseemly process.

It was the United States that in December 1979 forced on its NATO allies the decision to deploy in a number of West European countries new medium-range nuclear missile systems, which is leading to a new spiral of the arms race. At the same time Washington literally muzzled those of its allies, who were inclined to respond positively to the Soviet Union's constructive proposals to hold talks on this matter.

Today the opponents of peace and detente are trying to speculate on the events in Afghanistan. Mountains of lies are being built around these events and a shameless anti-Soviet campaign is being mounted. What really happened in Afghanistan?

A revolution took place there in April 1978. The Afghan people took their destiny into their own hands and embarked on the road of independence and freedom. As it has always been in history, the forces of the past ganged up against the revolution. The people of Afghanistan, of course, could have coped with them by themselves. But from the very first days of the revolution the encountered external aggression, gross interference from outside in their internal affairs.

Thousands and tens of thousands of insurgents, armed and trained abroad, whole armed formations were sent into Afghan territory. In effect, imperialism together with its accomplices launched an undeclared war against revolutionary Afghanistan.

Afghanistan persistently demanded an end to this aggression, that it be allowed to build its new life in peace. Resisting the external aggression, the Afghan leadership, already under President Taraki and then later, had repeatedly asked the Soviet Union for assistance. On our part we warned those concerned that if the aggression was not stopped we would not leave the Afghan people in the lurch. As is known, we stand by what we say.

The actions of the aggressors against Afghanistan were assisted by Amin who, on seizing power, launched cruel repressions against broad strata of the Afghan society, against party and military cadres, against representatives of the intelligentsia and the Muslim clergy, that is, against exactly those strata on which the April revolution relied. The people under the leadership of the People's Democratic Party headed by Babrak Karmal rose against this Amin tyranny and put an end to it. Now in Washington and some other capitals they are mourning over Amin. This exposes their hypocrisy with particular clarity. Where were these mourners when Amin was conducting his mass repressions, when he forcibly removed and unlawfully physically exterminated Taraki, the founder of the new Afghan state?

The unceasing armed intervention and the well-advanced plot by external forces of reaction created the real threat that Afghanistan would lose its independence and be turned into an imperialist military bridgehead on our southern border. In other words, the time came when we no longer could fail to respond to the request of the government of friendly Afghanistan. To have acted otherwise would have meant leaving Afghanistan prey to imperialism, allowing the aggressive forces to repeat in that country what they had succeeded in doing, for instance, in Chile, where the people's freedom was drowned in blood. To act otherwise would have meant to watch passively as the center of a serious threat to the security of the Soviet state emerged on our southern border.

In appealing to us, Afghanistan proceeded from clear-cut provisions of the treaty of friendship, good neighborliness and cooperation, which was concluded by Afghanistan with the USSR in December 1978, on the right of each state, in accordance with the UN Charter, to individual or collective self-defense--a right that other states have exercised more than once.

It was no simple decision for us to send Soviet military contingents to Afghanistan. But the party Central Committee and the Soviet Government acted in full awareness of their responsibility and took into account all the circumstances. The only task set for the Soviet contingents is to assist the Afghans in repulsing the aggression from outside. They will be fully withdrawn from Afghanistan once the causes, which led the Afghan leadership to request that they be brought in, disappear.

Imperialist, as well as Beijing propaganda is deliberately and unscrupulously distoring the Soviet Union's role in the Afghan affairs.

It goes without saying that there has been no Soviet "intervention" or "aggression" at all. There is another thing: We are helping the new Afghanistan at its government's request to defend the national independence, freedom and honor of its country from armed aggressive actions from outside.

The national interests or security of the United States and other states are not affected in any way by Afghanistan. All attempts to portray matters otherwise are sheer nonsense. These attempts are being made with ill intentions, with the aim of more easily fulfilling their own imperialist plans.

The allegations that the Soviet Union has some expansionist plans with respect to Pakistan, Iran or other countries of that area, are also absolutely false. The policy and psychology of colonialists are alien to us. We are not after the lands of others, we do not long for the wealth of others. It is the colonialists who are attracted by the smell of oil.

Outright hypocritical are the attempts to talk at length about the "Soviet threat to peace" and to pose as guardians of international morals on the party of those whose record includes the "dirty war" against Vietnam, those who did not lift a finger when the Chinese aggressors made their armed intrusion into Socialist Vietnam, those who for decades have kept a military base on Cuban soil contrary to the will of its people and government, those who are engaged in sabre rattling, those who threaten to impose a blockade and are exerting open military pressure on the revolutionary Iranian people by sending to the shores of Iran a naval armada armed with nuclear weapons, including a considerable part of the U.S. carrier force.

A last point must be made in this connection. Interference in the internal affairs of Afghanistan is really taking place, and even such an august and respected institution as the United Nations is being used for this. Indeed, was the discussion of the so-called "Afghan question" at the United Nations, contrary to objections by the Government of Afghanistan, anything but a rude flouting of the sovereign rights of the Afghan state?

The Afghan Government and its responsible representative to the United Nations state for all to hear: Leave us alone, the Soviet military contingents were brought in at our request and in accordance with the Soviet-Afghan treaty and Article 51 of the United Nations Charter.

Meanwhile under the cover of the clamor assistance is being increased to those elements that are intruding into Afghanistan and perpetrating aggressive actions against the legitimate government. The White House recently openly announced its decision to expand the supply to these elements of military equipment and everything necessary for hostile activities. The Western press reports that during his talks in Beijing the U.S. Secretary of Defense colluded with the Chinese leadership on the coordination of such actions.

Concluding the Afghan theme, it must be said that there is nothing surprising in the hostile reaction of imperialist forces to the events in Afghanistan. The crux of the matter is that the card on which the imperialists and their accomplices had counted was trumped.

In short, the events in Afghanistan are not the true cause of the present complication of the international situation. If there were no Afghanistan, certain circles in the United States and in NATO would surely have found another pretext to aggravate the world situation.

Finally, the sum total of the American administration's steps in connection with the events in Afghanistan--the freezing of the SALT II Treaty, refusal

to deliver to the USSR a number of commodities, including grain, in accordance with some already concluded contracts, the termination of talks with the Soviet Union on a number of questions of bilateral relations, and so on--shows that Washington again, like decades ago, is trying to speak with us in the language of the Cold War. In this the Carter Administration is displaying contempt for important interstate documents, is disrupting established ties in the field of science, culture and human contacts.

It is difficult even to enumerate the number of treaties, intergovernmental agreements, accords and understandings, which have been reached between our two countries on questions of mutual relations in various fields, that have recently been arbitrarily and unilaterally violated by the government of President Carter. Of course, we will manage without this or that tie with the United States--and in general we never asked for these ties, considering this matter to be mutually advantageous and in line with the mutual interests of the peoples of our countries, and first of all in the context of strengthening peace.

But the arrogation by Washington of some sort of a "right" to "reward" or "punish" independent sovereign states raises a fundamental question. In effect, by such actions the U.S. Government deals a blow in general to the orderly international law system of relations among states.

As a result of the Carter Administration's actions the world is increasingly forming the impression of the United States as an absolutely unreliable partner in interstate ties, as a state whose leadership, prompted by some whim, caprice or emotional outbursts, or by considerations of narrowly understood immediate advantage, is capable at any moment of violating its international obligations and canceling the treaties and agreements signed by it. There is hardly any need to explain what a dangerous destabilizing impact this has on the entire international situation, particularly when the leadership of a major, influential power, from which the peoples have the right to expect a well-considered and responsible policy, behaves in this way.

Of course, these actions of the U.S. administration will by no means inflict on us the damage obviously hoped for by their initiators. The cynical estimates concerning the "worsening" of the food situation in the Soviet Union as a result of the U.S. refusal to sell us grain are based on nonsensical notions about our economic potential. The Soviet people have sufficient opportunities to live and work in peace, to fulfill their plans and to increase their well-being. In particular, I can assure that the plans of providing the Soviet people with bread and bakery products will not be reduced by a single kilogram.

We cannot regard the actions of the American administration as anything but a poorly weighed attempt to use the events in Afghanistan to block international efforts to lessen the military danger, to strengthen peace, to limit the arms races--in other words, to block what mankind is vitally interested in.

The unilateral measures taken by the United States are tantamount to serious miscalculations in politics. Like a boomerang, they will hit back at their initiators, if not today then tomorrow.

Now if all these sallies against our policy are intended to check our mettle, this means that the experience of history is being totally ignored. When the world's first socialist state was born in 1917, our people did not ask anybody's permission. And now, too, they are deciding themselves what their way of life is to be. Imperialism tried to put us to the test at the dawn of the Soviet Government and everybody remembers what came of this. The fascist aggressors tried to break us in the bloodiest war ever experienced by mankind. But they suffered a defeat. We were subjected to the trials in the years of the Cold War when the world was being pushed to the brink, when one international crisis after another was engineered. But then, too, nobody succeeded in making us waver. It is very useful to remember this today.

Question: What, in your opinion, are the prospects of the development of the situation in Europe?

Answer: The situation in Europe today is much better than it was, say, in the early 1970's. But, of course, Washington's latest irresponsible actions are making themselves felt here as well. The United States is not content with doing just about everything to poison Soviet-American relations. It would also like to spoil the relations of West European countries with the Soviet Union, relations in which, as in known, many useful things were achieved during the past decade. The United States is trying to undermine the spirit and essence of the Helsinki Final Act which has become a recognized milestone in strengthening security and developing peaceful cooperation on the continent. Finally, by its steps, which are aimed at aggravating the international situation, Washington pursues the goal of subduing the European states, first of all its own allies.

But the cardinal interests of the European peoples are inseparably connected with detente. The Europeans have already come to know its beneficial fruits from their own experience. They are inhabitants of a continent that has been singed more than once by devastating wars and they are by no means prepared--and we are convinced of this--to embark on the road of ventures at the bidding of politicians from across the ocean. It is impossible to believe that there are states in Europe that would wish to throw the fruits of detente under the feet of those who are ready to trample them. Western states, and the United States as well, need detente in Europe by no means to a lesser extent than the socialist countries, than the Soviet Union.

Much of a constructive nature can be accomplished in Europe for the good of peace in the near future, in particular, in connection with the forthcoming meeting in Madrid and the proposal by the Warsaw Pact countries to hold a conference on military detente and disarmament. We are resolutely for consolidating and multiplying everything positive that has been created over the years on the European continent through the collective efforts of

states, large and small. We will henceforth pursue a policy of peace and friendship between peoples. In contrast to Washington's present extremist position our position is to continue the talks begun in recent years in many directions with the aim of stopping the arms race. This naturally also applies to problems of lessening military confrontation in Europe.

I repeat: We are for talks, but for honest and equal talks, with observance of the principle of equal security. It is exactly such talks that we recently proposed to begin on the question of medium-range nuclear weapons. Nobody can expect the Soviet Union to accept NATO's terms, which are designed for conducting the talks from a position of strength. The present position of NATO countries makes talks on this problem impossible. We formally told the U.S. Government about all this a number of days ago.

We look into the future with optimism. It is well-founded optimism. We understand that the deliberate aggravation of the international situation, which was evoked by American imperialism, is an expression of its displeasure at the consolidation of the positions of socialism, the upsurge of the national liberation movement, the strengthening of the forces supporting detente and peace. We know that the will of the peoples has cleared through all the obstacles a road for the positive direction in world affairs that is well expressed by the word "detente." This policy has deep roots. It is supported by mighty forces and this policy has every chance to remain the leading trend in the relations between states.

Our people and our country are firmly advancing along the road of the building of communism, fulfilling the assignments of the 10th Five-Year Plan and the plans of the party. The Soviet people and our friends abroad can rest assured that the Leninist foreign policy course is unshakeable. It was defined by the decisions of CPSU congresses and is embodied in all our foreign policy activities. This course combines consistent peaceableness with the firm rebuff of aggression. It has proven its worth in past decades and we will adhere to it henceforth. No one will turn us from this course.

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U.S. MILITARY AND POLITICAL STRATEGY AT THE TURN OF THE DECADE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80
pp 9-21

/Article by Yu. V. Katasonov/

/Text/ It is well known that the entire process of the SALT II negotiations and the period which has passed since the signing of the corresponding treaty have been characterized by an atmosphere of the inflation by highly influential U.S. and NATO circles of the myth of a "growing Soviet military threat" and the demand "not to permit a lag" of U.S. military strength behind USSR military strength. Otherwise, these circles warned, the ratification of the treaty, which was drafted, as is known, with allowance made for the interests and need to ensure the security of the sides, will be wrecked. Having obviously yielded to this pressure, immediately after returning from the summit talks in Vienna U.S. President J. Carter announced his decision to develop the MX intercontinental ballistic missile system and to speed up the implementation of a number of other arms projects.

At the same time the pushin of the "rapid deployment force," which is designed for intervention abroad, first of all in the Near East, was stepped up. The fuss over the "Soviet military presence" in Cuba was intensified. Washington used this fuss as an occasion for conducting military demonstrations in the spirit of "gunboat diplomacy" throughout the Caribbean region.

Washington's militaristic activity increased especially during the final months of 1979, and in early 1980 the world witnessed unprecedented U.S. "power" pressure on Iran. To counterbalance the far-reaching peace initiatives of the USSR, which were aimed at preventing new spirals of the nuclear arms race and strengthening international security, and its practical steps in the area of military detente in Europe, the leading NATO bodies accepted the decision, which was imposed by Washington, to produce and deploy on the territory of the FRG, England and Italy new medium-range nuclear missile weapons, which are aimed at the USSR. The U.S. President advanced a program of unprecedented scale on building up all types of arms for many years ahead. He submitted to Congress a record defense budget for fiscal 1981 in the amount of more than $157 billion, which exceeds the previous budget by

more than 5 percent in real terms. On 4 January 1980 J. Carter appeared on American television with a speech which in many ways was permeated with the phraseology and spirit of the Cold War.

"The specific content of this speech," it is said in a TASS statement published in the Soviet press on 7 January, "and the announced steps of the U.S. Administration in the area of Soviet-American relations cannot be regarded as anything but inimical to the interests of peace. One's attention is attracted by the fact that the events which recently took place in the Democratic Republic of Afghanistan were chosen as all but the main occasion for this statement of the head of the U.S. Administration." In so doing, as was evident from the speech of the American President, the U.S. Administration is attempting to grossly interfere in the domestic affairs of Afghanistan and to deny the Afghan people the right to determine the course of their domestic development and how to structure their relations with other states.

The events in Afghanistan were also used by the President as a pretext for postponing the debate in the U.S. Senate on the ratification of the SALT II Treaty, which aroused especially great joy among the opponents of detente.

All these actions of Washington are evidence of the profound contradictoriness of the foreign policy course and the military and political strategy of the United States and of the serious discrepancies between Washington's declarations in support of detente and arms control and its practice of increasing international tension and stepping up the arms race and of constantly threatening to return to the direct use of U.S. armed forces in various regions of the world.

I

The military and political strategy of the United States--in American terminology, the strategy of "national security," or the "grand" strategy--is the officially formulated and more or less publicly declared course of Washington both in the most important directions of foreign policy, with allowance made for the possibilities of relying on the use of or the threat of using military force, and in the area of military policy as such, including the forming of armed forces, the preparation of the conditions for their use and, finally, their direct use. Although "force" (or "might") in the "grand" strategy is understood as not only military, both also other means of influencing the "opponent," even today Washington assigns one of the dominant roles to military force.[1]

The affirmation in the United States of such a symbiosis of foreign and strictly military policy on the basis of a militaristic approach to its formulation and implementation is one of the outcomes of the Cold War.

Throughout the postwar period the "grand" strategy of the United States has been characterized by a clearly pronounced continuity in the main things--the objectives, the basic means and the general principles of their

utilization. At the same time, under the influence of changes in the international and domestic situation, the development of military technology and the means of utilizing military power and especially the change in the balance of forces between the United States and its "main opponent"--the Soviet Union--this strategy has been periodically reassessed, changes have been and are being made in it with allowance made for the real capabilities of the United States. The most convenient conditions for this arise when the representative of the other, rival party enters the White House. The versions of U.S. military and political strategy, which became known as the strategies of "massive retaliation," "flexible response" and "realistic containment,"[2] appeared precisely at these boundaries during the 1960's and 1970's.

After taking office the Carter Administration also made some revision and adjustment of the military and political strategy. The results were set forth in detail in the National Security Council document "Presidential Memorandum No 10." The officially altered strategy was put into effect by Presidential Directive No 18 in August 1977.[3]

The special speech of President J. Carter at Wake Forest University in April 1978, as well as numerous statements and clarifications of the Secretary of Defense, the President's National Security Adviser, the Secretary of State and other officials were devoted to setting forth its main provisions.

The approach of the Carter Administration to the question of strategy review was a certain break from established tradition. Thus, the "new strategy" was not given any striking, publicity-oriented name. The administration avoided juxtaposing it to the strategy of its predecessors (which was so typical of the past). This approach is due first of all to the aspiration to allay the chronic domestic political and differences among allies on problems of military policy and strategy and to emphasize the "bipartisan nature" of the present U.S. "grand" strategy. At the same time such an approach was called upon to emphasize the continuity of Washington's military policy course, the main concepts and aims, which were adopted or confirmed during the first half of the 1970's--a period which, as is known, was characterized by important shifts in U.S. foreign policy in the direction of recognizing the vital need for the United States to embark upon a course of cooperation with the Soviet Union in the area of lessening international tension and averting a global nuclear catastrophe. Nevertheless, the "new strategy" retains much of what as far back as 30 years ago reflected U.S. pretensions to global expansion and the right to interfere in the affairs of other states, including with the use of military force. "Our long-range concerns," President J. Carter stressed, "include the security interests of our country and its allies outside the Western Hemisphere and Europe. We have important historical commitments... in East Asia, the Near East and the Persian Gulf region."[4]

Then Chairman of the U.S. Joint Chiefs of Staff G. Brown was even more outspoken in February 1978: "Wherever instability, an increase of tension and

direct conflict affect the interests of the United States, their defense may require the presence and possible use of American armed forces.... If, for example, a threat should arise to the security (from the point of view of American interests--Yu. K.) of the oil resources of the Persian Gulf,... the need might arise to use considerable ground, air and naval forces."[5]

The Carter Administration is so openly emphasizing the expansionism of its military policy course that this is arousing among American observers, and not only them, associations with Cold War times. The President himself, incidentally, has repeatedly admitted that he regards the policy in the area of "national security," which was pursued by Presidents H. Truman and J. Kennedy, to be the ideal for himself.

One cannot fail, however, to see that the present administration in fact recognizes the limitation of its possibilities in achieving the military and political objectives it proclaims. The framework of these limitations is determined by the fact that the process of changes, the nature of which and the need for whose consideration Washington began to admit officially a decade ago, is continuing to develop rapidly in the world. The most important factor here is the existence of strategic parity between the USSR and the United States, the fact that the Soviet Union, in J. Carter's words, "has achieved functional parity in strategic forces with the United States." Today Washington is realizing more and more clearly the need to take this factor into account, as well as is proceeding from the recognition of the existence of parity in other key areas of military rivalry as well. Hence there also basically ensues Washington's willingness to agree to certain forms of cooperation with the Soviet Union and other countries in the area of limiting the most dangerous types of weapons. At the same time Washington, contrary to the officially declared willingness not to seek military superiority over the USSR, has once again, as is quite obvious, taken the course of reestablishing its lost military advantages, of developing new, more "effective" types of arms and of elaborating strategic concepts which provide for their actual (military) and political use under the conditions of the present situation.

At the same time another reality, which objectively reduces for the United States the relative importance of military political objectives and limits the opportunities to achieve them, has not been removed from the agenda, but, on the contrary, is becoming more and more evident. It consists in the fact that the real problems of U.S. security today are not so much of a military nature as they are of an economic, social and political nature. This is also admitted by executives of the Department of Defense. For example, Secretary of Defense H. Brown states that "the greatest direct threat to our fundamental interests stems from economic and currency forces."[6] Such a professional soldier as current Chairman of the Joint Chiefs of Staff General D. Jones also understands this perfectly well. He notes: the United States "is faced with a large number of challenges in the political, diplomatic, economic and social fields, each of which has consequences for national security in the broadest sense of this concept. Even if there was no global rivalry with the Soviet Union, to maintain our

way of life we would nevertheless have to solve a bunch of problems."[7] However, admissions like this are used in the United States not so much for substantiation of a change in the priorities of the "grand" strategy as for attempts to substantiate the principle of using military force to solve problems which are economic and sociopolitical in their essence. An example of this is the official proclamation by the current administration as "entirely possible" of the approach to the solution of U.S. energy problems and to the assurance for it of "stable access" to the oil resources of the Near East by means of military force, particularly by the seizure of the oil fields by the forces of the "rapid deployment corps."

The nuances in the current administration's interpretation of individual U.S. military and political objectives reduce primarily to a shifting of the accents when characterizing the military and political significance of different countries and regions. As was the case 30 years ago, Washington considers the Soviet Union to be the main military-political opponent of the United States (now, it is true, the term "opponent" is used more frequently than "enemy"). Here, taking into account the fact that Beijing has shifted to cooperation with imperialism, it is emphasized that now the Soviet Union is not just the main, but also the only major military-political opponent, the real force which is capable and willing to resist the global expansionist pretensions of the United States, or, as one Pentagon report puts it, the only force "which is capable of seriously challenging the present world order."[8] The other opponents--other socialist countries, the developing states with an anti-imperialist orientation and the national liberation movements--are rated militarily and politically in Washington first of all from the point of view of the scale and nature of their cooperation with the Soviet Union and possible Soviet assistance to them in case of aggression on the part of the United States and its allies.

In keeping with the "new strategy," the present administration emphasizes the special military-political importance for the United States of three "vitally important strategic zones" (in Z. Brzezinski's terminology)--Europe, the Near East and the Far East. It is precisely in these "three zones," in Washington's opinion, that the expansionist aspirations of the United States might encounter an especially strong rebuff on the part of the Soviet Union and other socialist countries, and in the Near East also on the part of another strong, potential opponent, but one of a different nature: the "united economic might" (as H. Brown put it) of the OPEC countries.

As for U.S. strategy in the Far East, the new element in it involves, first of all, rapprochement between Washington and Beijing and the aspiration to use the "China card" in its military-political maneuvers. At the same time this feature is not only of regional importance--the "novelty" of the latest U.S. "grand" strategy comes through in it especially clearly. The Carter Administration made clear for the first time something that the Nixon and Ford administrations had only hinted at, namely that the United States no longer considers the PRC its likely opponent. Secretary of Defense H. Brown, for example, stated plainly that the United States "is no longer

planning the forming of its armed forces on the basis of the premise that an American-Chinese conflict is likely."[9] On the contrary, in official American assessments China now figures as nothing other than a "strategic counterbalance to the Soviet Union," "a potential second front" for it and even as some sort of "16th NATO member."[10] Washington also proclaimed as a new condition of U.S. national security the guarantee of the "political and territorial integrity" of China, laying claim in fact to the role of the military-political guarantor of the Beijing regime.[11]

Speculations concerning American-Chinese cooperation in a nuclear war are cause for alarm. It was none other than the same H. Brown who stated, for example, that there was a possibility of a nuclear conflict breaking out in the Far East with the involvement of more than two nuclear powers. Here he made a quite transparent hint as to whose side the United States might be on in this case.[12] Well-informed NEW YORK TIMES commentator R. Burt (who, incidentally, was the first to acquaint the American reader with the contents of Presidential Memorandum No 10) reported that as a result of the review of plans of nuclear warfare, which was undertaken by the present administration on the initiative of the President's National Security Adviser Z. Brzezinski, the positions of Soviet armed forces in the Far East have been included among the targets for nuclear strikes. The meaning of this action, according to Burt, is to make it easier for Beijing, with the aid of American nuclear strikes, to conduct offensive operations against the Soviet Union.[13]

No denials of this report, as they say, followed. Even if such statements are regarded merely as a provocation, in this case they might have extremely dangerous consequences, encouraging the Beijing leaders to undertake various kinds of adventures. But as Beijing's aggression against socialist Vietnam showed, it is capable of going very far in this direction, apparently much farther than Washington strategists expect.

Not only the three "principal strategic zones," but in fact the entire world serve as the object of U.S. military-political strategy. Thus, Secretary of Defense H. Brown states that "in a certain sense the border of the United States follows a great arc, which includes vital regions for us from northern Norway to Japan and the Aleutian Islands."[14] As if to clarify this thesis, NEW YORK TIMES commentator D. Middleton writes: "Many people at the Pentagon claim... that, starting in 1975, the sphere of American military responsibility went beyond its usual framework of Central and Northern Europe, the Mediterranean Sea and the northwest Pacific Ocean. They believe that the Indian Ocean and the Persian Gulf, the South China Sea between Vietnam and the Philippines, as well as, perhaps, the Caribbean Sea will become regions requiring a greater American responsibility."[15] The interest of American strategists in Africa, especially its regions south of the equator, as well as in Latin America as a whole, has lately increased sharply. The main reason for this is the more and more intense sociopolitical shifts, which have been taking place in the countries of the mentioned regions and which threaten the dominant positions of U.S. capital there.

On the whole, despite the "revisions" and "evolution" of U.S. military-political strategy, its general approaches, which determine the purpose and methods of employing military force, as practice and official documents show, at the turn of the decade in principle remain the same. It is a matter, first of all, of the official concepts of "deterrence" (more precisely, "deterrence through fear" [sderzhivaniye putem ustrasheniya]), "front line defense," "flexible response" and "collective security." These concepts form a sort of political framework around which the American "grand" strategy is built.

The concept of "deterrence"--the fundamental military-political concept of the United States in "peacetime"--reflects the aim of using the permanent threat of force against other states (the threat of their punishment for actions not in accordance with the wishes of the United States) as one of the most important means of American foreign policy. Here it is borne in mind that on a global scale the Soviet Union is the primary target of "deterrence." In this connection this concept serves as the basis for the policy of ensuring a global "balance of forces" and regional "balances of forces," which are advantageous for the United States, as compared with the Soviet Union, that is, the constant build-up of the military strength of the United States and its allies.

The concept of "front line defense" calls for the creation of favorable strategic conditions for the United States for the use of military force, and first of all the maximum separation of the regions of possible wars with their fatal consequences from the territory of its country (by the deployment of American forces on the territory of other states, the active use of the forces of allies and so forth).

The concept of "flexible response" remains the most important component of U.S. military-political strategy. This term is also being retained as the designation of official NATO strategy. This concept substantiates the need for the United States and its allies to have a military strength, which is tailored and constantly ready for real use at all levels of "intensity of conflict"--from a small local conflict to an all-out nuclear war. Lately Washington has been emphasizing the further extension of the range of the "flexible" use of military force, seeking to substantiate the possibility of the "limited" use of nuclear weapons.

The accomplishment of the objectives specified by the mentioned concepts today, as never before, is being made directly dependent on the possibilities of implementing the concept of "collective security." This concept implies the pooling of the resources of the developed capitalist countries and the developing countries dependent on them in order to achieve "common" military-political objectives which, however, are naturally advantageous first of all to Washington.

II

Let us dwell in more detail by what specific means the present "grand" strategy of the United States envisages the achievement of its declared

objectives, as well as how it is attempting to implement the principles of this strategy.

The classification of the wars for which the United States should prepare, which is presented in Presidential Memorandum No 10, that is, one of the fundamental documents of the "new" "grand" strategy, extends their range, as well as specifies their characteristics and priorities, first of all from the standpoint of confrontation with the Soviet Union. Five types of wars are envisaged: a strategic nuclear war--a direct encounter between the United States and the Soviet Union; a war between NATO and Warsaw Pact countries; a war between countries of the West and the socialist countries in "some other region" (meaning first of all the Near East, as well as Africa); a war in the Far East (here there is an obvious hint at the possibility of an American-Chinese alliance against the USSR); and a war in a region remote from the Soviet Union (this type is called a "Vietnam-type war"). It is emphasized that in the first two types of wars the Soviet Union will be the main opponent of the United States, while in the next two it is a "very likely" one.[16]

The possibility of such a "diversity" of wars with U.S. involvement should, according to Washington's scheme, substantiate the legitimacy of the extensive use of American military force, as well as convince the American and world public of the feasibility of control over its use, as well as its spatial and other limitations.

A dual approach--the combination of the build-up of military strength with "arms control" negotiations with the unconditional priority of the former direction--has been proclaimed as the basic principle in the area of the formation of armed forces. This principle means, as President Carter explained, that "even while seeking arms control agreements, we will modernize our strategic systems and strengthen our conventional forces."[17] In a report to Congress Chairman of the Joint Chiefs of Staff, General D. Jones, just as unequivocally called for "more arming, in order, perhaps, to disarm." "Our objectives in the area of arms limitation...," he stated, "can be achieved only through a balanced strategy of negotiations and the implementation of arms projects. Regardless of the outcome of the present round of strategic arms limitation talks... it will be necessary to spend more money on strategic forces."[18]

Such aims--and they are being carried out in practice--are hard to regard as anything but substantiation of the policy of continuing the arms race.

The mentioned aims were embodied in practice back in 1977-1978 in Washington's decision (which was also imposed on other NATO members) on an annual 3-percent increase of defense spending in real terms for an indefinitely long period regardless of the course and results of the any arms limitation talks, in which the United States and its allies participate. In the new five-year U.S. defense program, which President J. Carter announced in his speech at the Businessmen's Council on 12 December of last year, the goal is set to increase immediately the annual rate of increase of defense spending more than 1.5-fold--to 4.5-5 percent in real terms.

In the area of strategic nuclear forces, despite the official confirmation by the American Administration of its willingness to observe parity between the USSR and the United States and the recognition of the danger with which its violation would be fraught, in fact the aim of overcoming it in both physical and conceptual terms was given again. It finds expression in the policy of stepping up the qualitative strategic arms race and of constantly modernizing all three components of the strategic forces (the "strategic triad"), as well as in the nature of current programs for the development of new strategic weapon systems, such as the mobile MX intercontinental ballistic missile system, the sea-based Trident missile system and long-range cruise missiles. All these programs are substantiated by the need to guarantee the United States "strategic flexibility," that is, the ability to wage "a limited strategic nuclear war" in order to reduce the likelihood of an all-out nuclear catastrophe. However, such grounds are no more than an illusion. U.S. military-political leaders themselves also recognize the danger of any plans for the limited use of nuclear weapons. Thus, Secretary of Defense H. Brown stated: "In no way can we be sure that the first use of nuclear weapons, regardless of how selective the targets may be, will not lead to an escalation to the level of the exchange of unlimited nuclear strikes."[19]

In the opinion of many Western specialists and politicians, the true purpose of these programs is the aspiration--which, let us note immediately, is regarded as impracticable by realists--to attain strategic superiority, that is, the capability to inflict a first (disarming) strike against the strategic forces of the opponent (the Soviet Union), which would preclude retaliation on a scale "unacceptable" to the United States.[20]

In face of the parity in the strategic forces of the USSR and the United States, special emphasis in the current "grand" strategy of Washington is placed on assuring regional "balances of forces" which are advantageous to the United States and its allies. In this connection great importance is being attached to the build-up of general forces, which include so-called tactical nuclear forces and conventional forces. The highest priority in this area is assigned to the accelerated build-up of the potential of the United States and of NATO as a whole in Western Europe, since Europe is considered the main regional theater of military confrontation with the Soviet Union.

U.S. strategy calls for the build-up in Western Europe of both the nuclear and the conventional components of the military potential. The development of new types of tactical nuclear weapons (in particular, neutron weapons) and especially the deployment on the territory of the West European members of the bloc of new types of their carriers--American medium-range missiles--are being relied on. Since these missiles will be able to hit targets on the territory of the Soviet Union, as Western specialists therselves emphasize they come under the category of "tactical nuclear weapons." By being placed in Europe, the new American medium-range missiles, as the American magazine TIME admitted, cease to be tactical weapons and become strategic weapons.

NATO's decision to deploy such missiles "is a clear attempt to upset the established balance of forces, which until most recently was recognized by the leaders of the western countries, including President Carter," Member of the Politburo of the CPSU Central Committee and USSR Minister of Foreign Affairs A. A. Gromyko recently noted. It is especially dangerous under condictions in which the U.S. and NATO position of being prepared to be the first to use nuclear weapons in Europe is maintained.[21] At the same time American strategists, as was noted above, are feeling serious apprehensions about the consequences of such a step, namely the great likelihood of a "tactical" nuclear war developing into a strategic one, which would threaten the existence of the United States itself. For this reason Washington is pushing its NATO allies to a further conventional arms races, intimidating them with the idea that the alternative to such a policy is the prospect of nuclear war on their territory. At the same time it is seeking to inspire them by the fact--and in this lies another explanation of the indicated course--that the adjacency of anti-Soviet China to the eastern borders of the Soviet Union, so they say, affords NATO an opportunity to achieve an "advantageous balance" in conventional forces with the Warsaw Pact countries in Europe. Does not the reason for the evasion by the western powers of business-like negotiation on force and arms reduction in Central Europe lie in such illusory calculations?

The aim at actively preparing for warfare in Europe, including conventional warfare, involves an enormous danger, which, by the way, is also realized in the United States. When discussing the possible consequences of a "conventional" conflict in Europe, given NATO's aim at using nuclear weapons first, many specialists express the opinion that this might also lead to a "major" nuclear war. "In this sense," it is stated in one American study, "the emphasis placed by the President on increasing the combat effectiveness of forces (of NATO--Yu. K.) for the European theater is the scariest news to be invented by military theoreticians since the times of Truman."[22]

The essence of the adjustments made by Washington in those parts of the military-political strategy, which concern the use (or the threat of use) of military force in the zone of the developing countries, particularly the Near East, boils down to the following. The main principle, which stipulates that local militaristic regimes remain the most important military-political bulwarks of the United States in the countries of Asia, Africa and Latin America, has been retained. Now Washington is striving to supplement it with the aim at "the expansion of the sphere of responsibility" of NATO for the purpose of stepping up the activity of the bloc in the Near East, Africa and other regions. In the development of its own forces, which are intended for military intervention in the zone of the developing countries, the United States has laid further emphasis on the deployment and increase of the combat readiness of mobile formations, transport aircraft and certain elements of the navy. Thus, military intervention in the affairs of developing countries is now regarded in Washington as the use--depending on the situation--of three types of forces: local satellites, allies from among the imperialists states, first of all NATO

partners, and the United States itself. Of course, Washington prefers to use, wherever possible, as the immediate strike force the forces of other states, while performing itself the role of organizer of the military actions and supplier of arms and other material resources. This is precisely the way the United States acted, for example, during the NATO intervention in Zaire in 1978, where French and Belgian troops, and then "pan-African forces" from a number of countries closely linked with the West, performed the role of the expeditionary corps, while the United States carried out their airlift and supply.

In adjusting U.S. strategy in the Far East and in the zone of the Pacific Ocean, the present administration stresses not only the "China factor," but also the increase in the military-political contribution of its "traditional" allies in this region--Japan and South Korea. By encouraging the militaristic activity of Beijing, Tokyo and Seoul, the American administration is promoting their mutual military and political rapprochement, but is trying to make sure that it is carried out under the aegis of the United States. As for the U.S. military presence in this region, at first, when the present administration came into office, the intention to reduce it somewhat by means of American land forces in South Korea was announced (with the simultaneous increase of military aid to Seoul and the increase of the capability to quickly build up the air potential of the United States itself). However, later the implementation of the troop withdrawal plans was postponed indefinitely. One of the reasons for these changes was the same "China factor," but its influence on Washington's new decisions was now given the opposite interpretation. As former Chairman of the Joint Chiefs of Staff General G. Brown explained, the essense of the matter is, he said, that "the PRC... regards the U.S. presence in Asia as a counterbalance to Soviet military might."[23] Such ideas were expressed even more frankly in the speech of Vice President W. Mondale during his trip to China in August 1979.

III

The nature of the present-day military and political strategy of the United States even now, on the threshold of the 1980's, attests that militarism remains a "vital manifestation" of capitalism,[24] that the aggressive nature of imperialism has not changed and it still places great emphasis on military strength as a means of protecting its social system and achieving its global expansionist objectives. At the same time it clearly demonstrates that militarism is undergoing a profound crisis and that its opportunities to influence international sociopolitical processes, as well as the ability to adapt to changing conditions, are steadily decreasing. This is responsible for the growing untenability of American military and political strategy.

The adjustments made by the present administration are based to a considerable extent on the same false notions of American ruling circles about the nature and trend of world development, which have already been discredited in the past. Thus, the continuation of the arms race is being relied on

as before in expectation of wearing down the Soviet Union and the other socialist countries economically. Historical experience, which attests that such designs have always ended in failure, is thereby being ignored. They are all the more doomed today, when the gap in the production levels of the two systems continues to steadily decrease.

Just as illusory are Washington's expectations of using for military purposes the "technological advantages" of the West, which in fact are imaginary, existing merely in the imagination of American and NATO strategists. Persistent clutching to such illusions not only cannot but arouse apprehension, but also cannot but be surprising: after all, the outstanding achievements of the Soviet Union in the field of science and technology were recognized long ago and widely in the United States itself.

On the domestic political level the supporters of power politics are hoping that the "unpleasant memories" of Americans about the "dirty war" in Vietnam are gradually, they say, fading into the past, while "the American way of life" is fertile soil for nuturing chauvinism and the cult of power--that spiritual buttress of militarism. However, the ultimate weakness of such expectations is attested by the fact (the results of public opinion polls, which have been published in the United States, also bear witness to this) that most Americans as before support detente and arms limitation.

U.S. military and political strategy is being undermined more and more by deepening interimperialist conflicts, particularly Washington's unceasing attempts to impose on its allies strategic aims which make them the primary targets of a retaliatory attack in a nuclear war.

The carrying out of this strategy is faced with the development of anti-imperialist trends in the developing countries, their desire for political and economic consolidation in the interests of ensuring national independence and social progress and of the struggle against imperialism and its agents. The failure of the imperialist adventures against Ethiopia and South Yemen, the revolutions in Afghanistan and Iran, the collapse of CENTO, the resolute rebuff by nations of the American-Israeli-Eygptian conspiracy, the fall of American protege Somoza in Nicaragua--these are just a few examples of recent years, which attest to the impracticability of Washington's military and political designs with respect to the developing countries.

At the same time the shrinking opportunities of militarism may in a number of cases even increase its adventuristic nature, which, given the modern types of weapons at its disposal, is fraught with great danger. The official declared aims of U.S. military and political strategy at achieving military technological superiority, which in practice means the aspiration to develop more and more destructive types of weapons, are arousing even greater alarm.[25] The military-political adventurism and shortsightedness of the American supporters of power politics are also fully revealed in the aim at forming a bloc with the Beijing militarists.

What is the outlook for the evolution of U.S. military and political strategy in the immediate future? Apparently it is hardly possible to expect that the realization by American ruling circles of the realities of today will lead to a radical revision of the primary aim of this strategy--the reliance of U.S. policy on military power and the arms race. Even the fact that the constantly increasing budget requests of the Pentagon in recent years have found quite unanimous support both in the White House and in Congress, does not give grounds for such a conclusion. Washington is also forcing its allies, first of all the NATO members, to continue the arms race.

The attempts to guarantee the NATO bloc military superiority, L. I. Brezhnev noted in a speech in Berlin on 6 October 1979, will force the socialist countries to take countersteps. "The socialist countries, of course, would not look indifferently on the efforts of the NATO militarists," he said. "In this case we would have to take the necessary additional steps to strengthen our security. We would be left with no alternative."[26]

At the same time L. I. Brezhnev emphasized again that "we are not seeking military superiority. It has never been and is not our intention to threaten any state or group of states whatsoever. Our strategic doctrine is of a purely defensive orientation."[27]

In a talk with the working group on disarmament problems of the Socialist International on 1 October 1979 L. I. Brezhnev again stressed the need to mobilize the peace-loving forces for the struggle against the arms races and the threat of a worldwide nuclear war. "It is necessary for nations to realize the threatening danger,"[28] he stated.

In this connection one cannot fail to notice the enormous importance of the processes taking place within the United States, which could restrain the most dangerous trends in the development of American militarism, promote the narrowing of the sphere of its activity and prepare the ground for the changeover of the United States to a most realistic policy in the area of arms limitation and military detente as a whole.

First of all there is such a factor as the growing realization by more and more Americans, including realistically thinking representatives of the ruling circles, of the mortal danger for the United States itself, with which the arms race being launched by American militarism and its military and political strategy as a whole are fraught. In the United States the forces supporting serious changes in the nature of the military policy of the country with allowance made for the realities of today are stepping up their activity, the criticism of the very principles of power politics is increasing. Expressing this point of view, American scholars F. Morrison and P. Walker write: "If henceforth such concepts as 'triad,' 'essential parity,' 'front line defense,' 'flexible response' and 'the fanning out of forces' continue to dominate in the military planning of the United States, they will be faced with two serious dangers: first, the prospect of being periodically drawn into interventions, which lead to larger or smaller 'Vietnams,' and, second, in the end of being exposed to nuclear

annihilation."[29] E. Ravenal, an associate of the Washington Institute for Political Research, calls for the rejection of the current expansionist interpretation of the concept "national security" and a return to its true meaning as a function of national defense. He proposes to discard such dangerous concepts (in their American interpretation) as "deterrence," "front line defense," "collective security," the categories of "supremacy," "military balance" and so forth, on which U.S. military and political strategy is based, replacing them with a new strategy, of which the concept "the prevention of war" would be the basis.[30]

The repudiation by the United States of its pretensions to regard the entire world as the sphere of its military and political "commitments" would make it possible, in the estimation of American specialists, to reduce the defense spending of the country by at least 40 percent, to say nothing of the fact that this would lead to a radical improvement of the international situation.

The question of the relative role of the two means of ensuring the security of the country: through the build-up and use (or the threat of use) of military strength or through its limitation on the basis of the equal security of the sides, today is in fact at the center of the struggle over the problems of military and political strategy in the United States. All the proposals being advanced in the United States as an alternative to the present military-political course include demands to step up the efforts in the area of arms limitation on the basis of close cooperation with the Soviet Union. Realistically thinking scholars and politicians regard as the main condition for this the repudiation of the attempts to achieve unilateral military advantages. "In order to achieve agreements (in the field of arms limitation--Yu. K.)," writes Professor G. Kistiakowski, former science adviser to the president, "we should unequivocally recognize the equal status of the Soviet Union and take into account its legitimate need for security."[31]

The attitude toward the attempts of certain circles to achieve unilateral military advantages for the United States is the litmus paper which makes it possible to determine in the United States the true supporters and opponents of arms limitation.

In recent times in the United States the supporters of power politics and the aim at achieveing military superiority have apparently been gaining the upper hand, which is attested by the mentioned speech of J. Carter on 4 January. "On the whole the President's statement," it is noted in the TASS statement concerning this speech, "creates the impression that in it political equilibrium has been lost. there is no consideration of the international situation, the real opportunities of the United States are overestimated and the opportunities of those states, with respect to which the United States intends to take certain steps or others, are definitely underestimated. But no one in the United States should have any doubt that the Soviet Union will be able to stand up for its legitimate interests, the interests of its allies and friends. Whoever wishes to ignore this always

runs the risk of making a policy blunder and of doing greater harm to his own country and his own people than to those against whom some step or another is aimed.

"The leading circles of the Soviet Union would hope that a sober, farsighted approach to Soviet-American relations, including efforts to preserve peace, in the end will come out on top in the United States."

The prospects of the struggle to curb the arms race and, in the end, the fate of mankind largely depend on what position prevails in Washington's policy.

FOOTNOTES

1. For more details on the essence of U.S. military and political strategy see G. A. Trofimenko, "SShA: politika, voyna, ideologiya" /The United States: Policy, War, Ideology/, Moscow, 1976.

2. In Soviet literature the indicated variants are referred to as "military doctrine," to which our reader is more accustomed. In the United States this term in practice is not used in this meaning, although objectively military doctrine, of course, exists there. With allowance made for a certain conventionality such a substitution of terms seems acceptable in a number of cases, since American military and political strategy gives an idea of the basic traits of U.S. military doctrine. It should also be noted that the strategy of "flexible response" remains to this day the official strategy of NATO and as such is fully supported by the United States.

3. The contents of these documents were made accessible to the American press and have been commented on extensively by it (see, for example, THE NEW YORK TIMES, 12 July 1977; 6 January 1978; THE NATION, 18 February 1978).

4. "Carter's Speech at Wake Forest University," Official Text, Washington, 11 April 1978, p 5.

5. "U.S. Military Posture for FY 1979," Washington, 1978, p 17.

6. "Department of Defense Annual Report, FY 1980," Washington, 1979, p 59.

7. "Department of Defense Appropriations for 1980," Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, Part I, Washington, 1979, p 365.

8. "Department of Defense Annual Report, FY 1979," Washington, 1978, p 3.

9. Ibid., p 40.

10. See, for example, "Department of Defense Annual Report, FY 1979," p 23; "U.S. Military Posture for 1979," p 4.

11. "Department of Defense Annual Report, FY 1979," p 18.

12. Ibid., p 70.

13. THE NEW YORK TIMES, 16 December 1977.

14. "Department of Defense Annual Report, FY 1979," p 18.

15. THE NEW YORK TIMES, 12 July 1979.

16. J. Collins, "American and Soviet Trends Since the Cuban Missile Crisis," Washington, 1978, p 2.

17. "Carter's Speech at Wake Forest University," p 3.

18. "Department of Defense Appropriations for 1980," Hearings..., p 367.

19. "Department of Defense Annual Report, FY 1979," p 53.

20. See, for example, "The First Use of Nuclear Weapons: Preserving Responsible Control," Hearings Before the Subcommittee on International Security and Scientific Affairs of the Committee on International Relations, House of Representatives, Washington, 1976, pp 11, 31, 32; ARMS CONTROL TODAY, February 1978, pp 1, 3.

21. "The strategy of the United States and NATO," Secretary of Defense H. Brown confirmed, "envisages for NATO the opportunity to use nuclear weapons first" ("Department of Defense Annual Report, FY 1980," p 86).

22. NATION, 18 February, p 169.

23. "United States Military Posture for FY 1979," p 56.

24. V. I. Lenin, "Poln. sobr. soch." /Complete Works/, Vol 17, p 187.

25. Let us cite in this connection the following statement of U.S. Assistant Secretary of Defense W. Perry: "Constant vigorous efforts in the development of science and technology... are the key to ensuring U.S. advantages over potential opponents in the area of military research and development,... the basis of military technical superiority,... the source of new weapons systems" ("The FY 1979 Department of Defense Program for Research, Development and Acquisition," Washington, 1978, pp VII-1).

26. PRAVDA, 7 October 1979.

27. Ibid.

28. PRAVDA, 2 October 1979.

29. THE SAN FRANCISCO CHRONICLE, 25 October 1978, p F-1.

30. INQUIRY, 1 May 1978, pp 18-21.

31. THE DEFENSE MONITOR, March 1978, p 7.

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THE LABOR UNIONS AND MEANY'S DEPARTURE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 22-34

/Article by G. D. Gevorgyan/

/Text/ The 13th congress of the national labor union association of the United States--the American Federation of Labor-the Congress of Industrial Organizations (AFL-CIO)--was held in Washington in November 1979. At the congress, for the first time since the founding of the labor union center in 1955, the 85-year-old George Meany refused to be nominated as AFL-CIO president. The congress elected as president of the labor union center Lane Kirkland, who prior to this was AFL-CIO secretary-treasurer. The congress elected Thomas Donahue, who had held the position of executive assistant to George Meany, as the new secretary-treasurer. Meany himself was proclaimed honorary AFL-CIO president at the congress.

During all 24 years that he held the position of AFL-CIO president, George Meany pursued a policy of class cooperation, anticommunism and anti-Sovietism. During the period of the Cold War and the McCarthy reaction Meany and his collaborators were able to establish rigid control over the entire U.S. labor union movement. But under the influence of the discontent in the American labor union movement with Meany's support of U.S. aggression in Indochina and under the influence of the aspiration of the trade unionists to repulse the attack of the monopolies on their standard of living and to achieve the pursuit of a policy of detente and peaceful coexistence, by the time that the AFL-CIO leadership changed serious changes had occurred in the labor union movement, which would have an unavoidable influence on its subsequent development.

In its day the Cold War did serious harm to the U.S. labor union movement. As C. Wilson, chairman of the American company General Electric, frankly admitted, one of the goals of the organizers of the Cold War consisted in routing the progressive forces of the labor union movement.[1] Under the conditions of the Cold War American ruling circles strove first of all to deal with the left wing of the Congress of Industrial Organizations (CIO). This labor union center was formed in the second half of the 1930's as a

result of the creation of industrial labor unions, which for the first time united the workers of the leading sectors of American industry. American communists, who, even in the words of bourgeois author S. Alinsky, "worked tirelessly, not considering any job too unskilled or unimportant,"[2] played a great role in the founding of industrial labor unions and the CIO.

The communists and other progressive-minded figures, who officially headed at least one-fourth of all the CIO organizations, enjoyed great authority in it and achieved a qualitative change in its policy. This circumstance afforded the CIO an opportunity to dissociate itself from the union bureaucracy of the American Federation of Labor (AFL), which during the entire existence of this labor union center pursued a policy of class conciliation, anticommunism and the support of the expansionist foreign policy course of American imperialism. For 10 years the CIO played a progressive role in the formation of the class traditions of the American proletariat, welcomed and supported the cooperation between the USSR and the United States in the struggle against Nazi Germany, and after its defeat insisted on the development of Soviet-American relations on the basis of the principles of peace, friendship and mutually advantageous cooperation.

The American reaction was able to strike the strongest blow against the labor union movement at the CIO congress in Cleveland in 1949. At this congress, which, in the words of the late veteran of the American labor movement and honorary chairman of the Communist Party of the United States W. Foster, was turned into "an orgy of witch hunting of reds,"[3] 11 of the most militant and progressive labor unions, which had about 1 million members, were expelled from the CIO on the pretext of "the domination of communists in them." As a result of the struggle of the union bureaucrats, monopolies and government against the unions, which were expelled from the CIO, only 2 of these 11 organizations are intact today--the United Automobile, Aerospace and Agricultural Implement Workers of America and the International Union of Dockworkers and Warehousemen of the West Coast. The other nine labor unions were unable to withstand the attack of the reaction and ceased to exist.

One of the goals of the initiators of the attack on the labor union movement during the Cold War consisted in destroying the coalition of leftist forces with the forces of the center, which had formed in the CIO in the 1930's. The wave of repressions, which fell on the labor unions, tore many progressive leaders from their ranks and led, as General Secretary of the Communist Party of the United States G. Hall noted, to the destruction of the left wing of the American labor union movement. In turn this caused the isolation of the forces of the center in the labor unions and their absorption by the right wing labor union bureaucracy. "One of the most adverse consequences of the era of McCarthyism... consists in the fact," G. Hall emphasized, "that the leftist forces (in the labor unions--G. G.) were destroyed, while the forces of the center were demoralized and dispersed."[4]

During the same period the Communist Party of the United States also incurred heavy losses. The persecutions of the reaction along with some internal

weaknesses for a number of years prevented it from having the proper influence on the working class. The party lost nearly all the workers' clubs it had and ceased to provide literature to the workers at the plant gates.

After the split in the CIO this labor union center lost its fighting spirit and refused to pursue a progressive foreign policy course. The size of the CIO decreased from 6 million to 4 million members. The CIO leadership began to cooperate with the AFL in the matter of supporting the aggressive foreign policy of American imperialism. In the situation which had formed in the U.S. labor union movement the domination of the reactionary bureaucracy headed by G. Meany was established for many years.

The merger of the AFL and the CIO and the formation of a single American labor union center, which now has 13,542,000 members, created enormous potentials for the entire U.S. working class. However, these potentials could be revealed only as a result of a stubborn struggle of the progressive forces against the reactionary labor union bureaucracy which headed the AFL-CIO. G. Meany and his collaborators imposed on the constituent congress of the new labor union center the adoption of a charter which was reactionary in its nature and in which it was indicated that one of the goals of its executive council consists in protecting the AFL-CIO from communist influence.

Under the conditions of the suppression of the progressive forces in the labor unions and in the atmosphere of the Cold War and the hysterical campaigns of anticommunism and anti-Sovietism Meany's group was able for many years to carry out the most reactionary pro-imperialist activity, which was subordinate to the goals of the defense of American capitalism and the support of its foreign policy aspirations on the world arena. The policy of the union bureaucracy headed by Meany consisted first of all in the aspiration not to allow mass demonstrations of the working class and, in particular, the development of its strike struggle in defense of its own interests. The union bureaucracy strove to limit the increase in the size of the U.S. labor unions, as a result of which they now unite in their ranks less than one-fourth of the able-bodied population of the country, while at the time of the merger of the AFL and the CIO one-third of the employed workers belonged to them.

The union bureaucracy of the AFL-CIO also promoted the intensification of the exploitation of the working class by its racism, which takes the form first of all of the refusal to support the civil rights movement of blacks and the representatives of other national minorities and the aspiration to make the labor unions and especially the executive positions in these organizations inaccessible to them. The racism of the union bureaucracy is one of the reasons that Americans with dark skin suffer most from unemployment and poverty, are forced to take the most difficult and lowest paid jobs and in essence are deprived of the opportunity to join many labor unions. Meany himself once admitted cynically: "The kings of industry should kneel down and thank God that the American labor unions are saving our system."

The bureaucratic clique of the AFL-CIO gave no less assistance to American imperialism in pursuing its foreign policy course. All of Meany's activity in this area was subordinate to the goals of the struggle against the forces of peace, national liberation and social progress. In appraising the services which Meany and his followers have rendered to the foreign policy of the U.S. Government, S. Lens, an American bourgeois expert of the labor union movement, noted: they "did for the U.S. Government what it could not do itself, namely they created a 'labor union' basis in many countries for pursuing the policy of the 'Cold War'.... Without the Meany clique American imperialism would be more isolated and the political map of the world would be significantly less conservative."[5]

Meany and his followers gave American imperialism the most significant assistance during U.S. aggression in Vietnam. Meany subordinated the work of the sixth, seventh, eighth and ninth AFL-CIO congresses, which were held in 1965, 1967, 1969 and 1979, as well as a large number of the meetings of the executive council of the federation to supporting the escalation of the U.S. war of aggression in Indochina. This enabled official American propaganda to claim that the aggression ostensibly was in keeping with the interests of the working class.

For many years the foreign policy activity of the AFL-CIO leadership was assisted to a considerable extent by the fact that the union bureaucracy and the bourgeois mass media were able to force upon a significant part of the working class the idea that militarization and the arms race were a panacea for economic difficulties, which guarantees employment and the increase of wages and maintains economic stability. And during the first years of U.S. military intervention in Vietnam a significant portion of the working class was convinced of its beneficial effect on the economy. A poll of the population of the main voting districts of the country, which was conducted in 1966 by the University of Michigan, showed that 54 percent of those surveyed counted on deriving material benefits from the economic boom which was stimulated by the war.[6]

However, the escalation of U.S. aggression in Vietnam in the second half of the 1960's and the defeats of the interventionists under the blows of the national liberation forces changed the attitude of the American working class toward the policy of military adventures. The workers were convinced that this policy was causing an increase of prices and inflation, was increasing the tax burden and was hampering the solution of the socio-economic problems of American society and that the position of the workers was growing substantially worse. The emergence of the dissatisfaction of the workers with the war in Indochina was promoted, along with the indignation with the crimes of the American soldiery, by the realization that they were themselves becoming its victims. As U.S. aggression in Indochina was stepped up and the gains of the national liberation struggle of the peoples of this region grew, the antiwar sentiments of the American workers increased. Thus, whereas in 1967 only 34 percent of the labor union members opposed U.S. aggression in Vietnam, in 1971 64 percent of the labor union members condemned it and in the summer of 1972 79 percent did.[7]

Starting in the second half for the 1960's even those labor union executives, who during the years of the Cold War and the McCarthyite reaction supported the policy of class conciliation and the international activity of the bureaucratic clique of the AFL-CIO, had to take into consideration the antiwar sentiments of the American working class. The conflict of the United Automobile, Aerospace and Agricultural Implement Workers of America with the executive clique of the AFL-CIO, which arose in the second half of the 1960's, was the most convincing manifestation of this process. This conflict arose first of all in connection with the fact that the bureaucratic clique of the labor union center, not wishing to take into account the sentiments of the workers, unconditionally supported U.S. aggression in Indochina, fought against the development of Soviet-American relations on the basis of the principles of peaceful coexistence, approved the policy of the arms race and the increase of international tension and conducted jointly with the CIA divisive, subversive activity in the international labor union movement. As a result of the conflict the UAW, which had in its ranks about 1.5 million members, withdrew from the AFL-CIO in 1968. In connection with the fact that this labor union unites the workers of the leading sectors of American industry and is closely linked with the worker organizations of other sectors, its position on foreign policy issues was conducive to the withdrawal by a number of labor unions of support for the reactionary foreign policy course of the union bureaucracy.

The development of the struggle to halt U.S. aggression in Indochina in the ranks of the American labor unions and the refusal of a number of labor unions to support the frantic anti-Soviet and anticommunist activity of the reactionary bosses of the AFL-CIO—such is the evidence that they had lost rigid control over the American labor union movement. The demarcation of the political forces in the U.S. labor union movement on the question of aggression in Indochina also influenced the attitude of the labor unions toward the policy of detente and the development of Soviet-American relations on the basis of mutally advantageous cooperation.

The bureaucratic clique of the AFL-CIO was one of the first groups in the United States, which launched the drive against the policy of detente, for which the Peace Program adopted by the 25th CPSU Congress called. The bosses of the AFL-CIO subordinated all their foreign policy activity to attempts to frustrate detente and the process of normalizing Soviet-American relations. Meany and his accomplices strove to involve in this drive not only the labor union members, but also the broadest strata of the American public. Not by chance did G. Hall emphasize that Meany and his supporters "are the most active force opposing the policy of detente."[8]

All the actions of the AFL-CIO bosses were aimed at achieving a revival of the Cold War, but in essence at pushing the world to the brink of a new world war. In the 1970's not a single AFL-CIO congress has passed without the discussion in the corresponding spirit of the question of Soviet-American relations and the passage of resolutions of an openly anti-Soviet nature. The reactionary leaders of the labor union center called for an increase of the NATO military potential, categorically demanded that a cut in

U.S. defense spending not be allowed and supported the production in the United States of the B-1 bomber, cruise missiles and the neutron bomb. Meany and his followers attempted to prevent the holding of the Conference on European Security and Cooperation in Helsinki; after the signing of the Final Act of the conference the AFL-CIO executive council demanded that Congress pass a resolution to reject it. Meany's group exerted the utmost effort to hinder the development of Soviet-American trade and scientific and technical cooperation. It began to take a most active part in unruly anti-Soviet campaigns on the pretext of "the defense of human rights," calling for it to be placed at the basis of all U.S. international policy.

In attempting to frustrate the process of detente, the AFL-CIO leaders went so far as to begin to make attempts to disorganize the work of the United Nations. In the 1970's they focused their efforts on the aspiration to subordinate the International Labor Organization (ILO) to the interests of American imperialism, to dictate to it what it should and should not deal with and to use its platform for smear campaigns against the Soviet Union. However, the ILO did not yield to the pressure of the American reaction, in connection with which the government in Washington, yielding to the demands of the AFL-CIO leaders, announced in November 1977 the withdrawal of the United States from this UN body.

The drive of the AFL-CIO bosses against the policy of detente led to the further demarcation of the political forces in the U.S. labor union movement, which had begun during the years of American aggression in Indochina. At the turn of the 1970's under the influence of the defeats of aggression in Indochina, the change of the balance of power on the world arena in favor of socialism, as well as under the influence of the persistent Leninist policy of peace of the Soviet Union the American public began to be convinced more and more of the need to renounce the Cold War and to conduct a policy of peaceful coexistence. The public polls made back in 1969 showed that the overwhelming majority of Americans wanted "the lessening of tension in the relations between communist and noncommunist" countries for the purpose of strengthening peace.[9]

In spite of the increased efforts of the reaction in the 1970's to frustrate the process of detente, the desire of Americans to achieve the lessening of international tension, the improvement of Soviet-American relations and the strengthening of peace was exceptionally stable. A poll conducted in May 1978 showed that 71 percent of the Americans support the policy of detente. The same poll showed that in labor unions the support of this policy is even greater--74 percent of their members answered affirmatively the question: "Do you support the policy of detente?" In May 1979 more than 80 percent of the union members supported the SALT II Treaty.[10]

Many U.S. labor unions have convincingly demonstrated in their statements, declarations and resolutions why they support the policy of detente. In June 1972 the UAW Executive Council unanimously passed a resolution in which it was indicated that the Cold War is not in accordance with the social and

economic interests of the worker. "Therefore we," it was stated in the resolution, "welcome the improvement of relations between the two great powers."[11]

The support by American labor unions of the policy of detente and business cooperation with the socialist countries was brought about not only by their aspiration to strengthen peace, but also by the understanding that such cooperation can ensure the loading of American enterprises and provide jobs to workers who are suffering from the sharp increase of unemployment in the 1970's. In July 1972 the UAW Executive Council passed a resolution which called upon Congress and the government "to help the U.S. economy by providing American enterprises with an opportunity to increase the exports of machine tools and spare parts to the Soviet Union." The council criticized "Pentagon opposition to the liberalization of export policy" and indicated that "not the corporations, but the workers are suffering" from the ban on trade with the Soviet Union. The council called the policy of refusing to develop U.S. trade with the Soviet Union "a policy of economic suicide."[12]

A number of U.S. labor unions are conducting a consistent drive for the development of Soviet-American business cooperation. One of the most progressive American worker organizations--the United Electrical, Radio and Machine Workers of America--not only is passing resolutions with demands on the abolition of discriminatory restrictions on trade with the Soviet Union, but is also acting to achieve this. In conformity with the decisions of its congresses this labor union has sent delegations to Washington to convince the government and Congress to pursue a policy of expanding business cooperation with the Soviet Union. Even the organs of the American bourgeois press have been forced to admit the great importance of the campaigns of this labor union "for the elimination of the barriers in the development of trade with the Soviet Union and other socialist countries."[13]

One of the important reasons for the support of the policy of detente by U.S. labor unions is the fact that their members are understanding more and more: the increase of defense spending is causing a decrease of the budget appropriations which the government uses for solving the problems of the country, which are becoming acute--the reduction of unemployment and the creation of new workplaces, the taking of effective steps on halting inflation, the provision of assistance to the cities which are experience a serious crisis, the improvement of the social security system, medical service and education, as well as for reducing the growing tax burden. The union members are convinced that the expansion of military production causes not an increase, but, on the contrary, a decrease of employment. Here the study recently made by the International Association of Machinists and Aerospace Workers had a great influence: the union established that $1 billion spent by the U.S. Government on military production ensures the creation of 45,000 workplaces, while the use by the government of the same amount of money in civilian production creates 59,000 workplaces, that is, nearly one-third more.[14]

For many years now the UAW has held the conviction that the growth of military production reduces employment and diverts assets from the solution of the socio-economic problems of the country. The International Association of Mechanists and Aerospace Workers is one of the largest and most influential members of the AFL-CIO, while the UAW has the greatest authority in the entire U.S. labor union movement. A considerable portion of the members of these two unions are employed at defense enterprises. Therefore their persistent demands for the reduction of the defense budget and their support of the policy of detente are also convincing other labor unions of the need to fight the inflation of Pentagon expenditures.

As the struggle over the attitude toward the policy of detente develops in the United States, from year to year an increase of the number of labor unions approving of this policy is taking place. By May 1979 such organizations of the AFL-CIO as the International Association of Machinists and Aerospace Workers, the American Federation of State, County and Municipal Employees, the Associated Actors and Artists of America, the Retail Clerks International Association, the Communications Workers of America, the International Union of Electrical, Radio and Machine Workers, the United Garment Workers, the United Textile Workers, the Oil, Chemical and Atomic Workers International Union and the Service Employees' International Union had come out to one extent or another in support of this policy.

All the AFL-CIO unions, which to a greater or lesser extent approve of the policy of detente, are cooperating with the major independent labor unions--the UAW, the National Education Association and the United Mine Workers of America, as well as the most progressive U.S. labor unions--the United Electrical, Radio and Machine Workers of America and the International Union of Dockworkers and Warehousemen of the West Coast. All of these unions, which support detente, have more than 9 million members in their ranks. A number of their leaders belong to the AFL-CIO Executive Council.

The support by these labor unions of the policy of detente and the development of Soviet-American relations had a positive influence on the foreign policy positions of other U.S. labor unions, whose leaders for a long time were reactionarily inclined. From the start of the Cold War the International Longshoremen's Association on the orders of Meany's group boycotted Soviet ships. Therefore, for 25 years Soviet ships were not able to call at the ports of the east coast of the United States. This was a serious obstacle to the development of Soviet-American trade and business cooperation. However, the holding of Soviet-American summit talks in the 1970's and the expansion of the business cooperation of the two countries convinced the labor unions that, as one of the U.S. labor union newspapers indicated, this cooperation "will lead to the creation of thousands of new workplaces in the commercial fleet and in the sectors of the economy connected with it."[15] And the east coast longshoremen halted the boycott of Soviet ships. As a result, on 7 February 1973 the Soviet ship "Novgorod" entered the port of New York, delivering 250 tons of cargo there. Since then Soviet ships have regularly visited the east coast ports of the United States.

Twice after this Meany and his supporters attempted to revive the boycott of Soviet ships--in October 1973 and August 1975. However, they were not successful. Even such an allied of Meany as T. Gleason, president of the International Longshoremen's Association, changed his position. He stated that commercial deals between the USSR and the United States are "a step in the direction of the improvement of Soviet-American relations. Owing to this the longshoremen in all U.S. ports are receiving pay for thousands of hours of work. This is the most important event which could have happened." T. Gleason expressed confidence that U.S. trade with the USSR "will help improve the peaceful relations" between the two countries.[16]

The support by many U.S. labor unions of the policy of detente and the development of Soviet-American relations also affected another important direction of the international activity of Meany's group, which consisted in a ban on the establishment of contacts and ties between the labor unions of the USSR and the United States. This ban was caused by the fear of the reactionary leaders of the AFL-CIO that the close acquaintance of the members of American labor unions with the peaceable foreign policy of the Soviet state and with the achievements of Soviet workers in the building of communism would promote the exposure of the anti-Soviet fabrications of the union bureaucracy and would increase the workers' liking for socialism.

Under the conditions of detente the U.S. labor unions refused to yield to Meany's ban on the establishment of contacts and ties with Soviet labor unions. In the 1970's more American labor union delegations visited the USSR than during the entire preceding period of Soviet-American relations. The members of the American labor union delegations which visited the USSR, as a rule, spoke favorably about the peaceable foreign policy of the Soviet state and about the socio-economic achievements of the Soviet people and declared the need for the policy of detente and the development of Soviet-American business cooperation.

The aspiration of American labor union members to develop relations with Soviet labor unions forced American authorities to renounce in 1977 the ban on issuing entry visas to the United States to Soviet labor union delegations, which for decades had prevented the establishment of contacts and ties between the labor unions of the two countries. The repeal of these discriminatory restrictions enabled a number of Soviet labor unions to send to the United States their own delegations, which were greeted warmly and with interest by the American workers. However, the union bureaucracy is continuing to fight against the development of Soviet-American labor union ties.

The support of the policy of detente by many U.S. labor unions is growing as it is successfully implemented by the Soviet Union and other socialist countries. The change in the position on international issues of the largest union in the AFL-CIO--the United Steelworkers of America--convincingly confirms this. During the entire history of existence of the AFL-CIO the leaders of this union were an important buttress of Meany in pursuing the policy of class cooperation and the drive against detente. But in May 1979,

under the influence of the sentiments in favor of detente and the strengthening of peace, which were growing among the masses, the leaders of the United Steelworkers of America were forced to alter their position. On 4 May the executive council of this union unanimously adopted a resolution, in which it was indicated: "We believe that the conclusion between the two most powerful states in the world of the Strategic Offensive Arms Limitation Treaty will be fully conducive to the strengthening of peace, will be a new important step for the establishment of control over nuclear weapons and will help to halt the dangerous and expensive nuclear arms race." In this connection the executive council of the United Steelworkers declared that it considered it exceptionally important for the U.S. Senate to ratify this treaty.[17]

This decision of the executive council of the United Steelworkers was made despite the fact that the AFL-CIO leaders had tried persistently not to allow the labor unions to approve the SALT II Treaty.

The statement of the steelworkers in support of the SALT II Treaty showed even more convincingly that the group of the politically most active labor unions of the United States, which now have more than 10 million members in their ranks, that is, half of all the workers of the country who have been organized into labor unions, supports the policy of detente and, in particular, the SALT II Treaty. The strength and influence of this group of labor unions are attested by the fact that it is headed by the three largest and most influential industrial labor unions of the country--the UAW (1.5 million members), the International Association of Machinists and Aerospace Workers (about 1 million) and the United Steelworkers of America (1.3 million).

A change in the balance of forces in favor of the supporters of detente and the development of Soviet-American relations has occurred in the U.S. labor union movement. Therefore, at its session on 7 August 1979 the AFL-CIO Executive Council was forced to pass a resolution supporting Senate ratification of the SALT II Treaty. Even by the admission of such organs of the bourgeois press as THE NEW YORK TIMES, this resolution is "a clear departure" of Meany's supporters from a hostile attitude toward the SALT II Treaty.[18] The practical importance of the resolution adopted by the AFL-CIO Executive Council on 7 August 1979 is that it deprives the opponents of the treaty of an opportunity to claim that it is in conflict with the interests of the workers who have been organized into labor unions.

The resolution of the AFL-CIO Executive Council, which approves of ratification of the SALT II Treaty, was passed in defiance of the will of its leaders, under the pressure of the situation which had formed in the labor union movement. However, Meany's followers imposed on the council the passage of provisoes to this resolution, which make ratification of the treaty conditional upon the requirement to develop and deploy MX mobile missiles. Moreover, the council members stated that they were against the transfer of some monies from defense items to civilian items of the U.S. budget, for which many American labor unions have been fighting for a number of recent years.[19]

These dicisions of the executive council attest that even under the conditions of the changed balance of forces in the U.S. labor union movement in favor of the supporters of detente its opponents in the AFL-CIO leadership are not laying down their arms.

The struggle over the policy of detente, which has been taking place in the United States in the 1970's, is causing the further polarization of forces in the entire labor union movement. As General Secretary of the CPSU Central Committee and Chairman of the Presidium of the USSR Supreme Soviet L. I. Brezhnev indicated, "under the conditions of the lessening of international tension the needle of the political barometer is shifting to the left."[20]

In the United States, as in other capitalist countries, the opportunities of the reaction to sow the ideology of anticommunism are decreasing. In his statements in the 1970's G. Hall repeatedly emphasized that "the ideology of anticommunism is weakening" in the ranks of the American workers and that the interest of industrial workers in the Communist Party of the United States is constantly increasing. Under the conditions of detente the increase of the prestige of the Communist Party of the United States helped it to break through the circle of isolation, by which the enemies for a long time had attempted to separate it from the masses; its influence in the labor movement of the country has increased.

The struggle of the American workers for the policy of detente and the strengthening of peace is integrally connected with their struggle for their socio-economic interests. Back in the late 1960's the rank and file union members, having become convinced that the union bureaucracy, by its support of aggression in Indochina, in fact was promoting the worsening of their socio-economic position, launched an independent movement in defense of their interests. The main goal of the movement of rank and file union members during the initial period consisted in the organization of an independent struggle at enterprises against the intensification of labor, the violation of labor safety practices and racial discrimination and in support of the demands on the improvement of pay and the creation of guarantees of employment. The spearhead of the movement was aimed against the employers, but as it developed it challenged the union leadership, which was pursuing a policy of class cooperation.

Under the conditions of the attack of the monopolies and the government on the interests of the working class the movement of rank and file union members promoted a sharp step-up of the strike struggle of the workers in the 1970's. In the number of strikes which occurred in the country (6,074) 1974 was a record year for the entire history of the country. In subsequent years the number of strikes decreased slightly, but the strike struggle of the American working class in the 1970's according to such indicators as the number of strikes, the number of their participants and the number of workdays lost as a result of strikes is greater than during all the preceding decades following World War II. The step-up of the strike struggle of the American workers in fact upset the plans of the union bureaucracy to impose the repudiation of strikes on the labor unions.

The development of the movement of rank and file union members and the stepping up of the strike struggle in the 1970's increased the sentiments within the working class against the policy of class conciliation. In the 1970's the rank and file union members set up their own national and local organizations, such as Miners for Democracy, the United Action Caucus of the American Federation of Teachers, Trade Unionists for Action and Democracy and others.[22]

As a result of the consolidation of the movement of rank and file union members and the step-up of the strike struggle in the labor union movement a left wing was formed, which, as specified by the Communist Party of the United States, is a part of this movement, which "is broad, is growing, is militantly inclined, has a high class consciousness and understands the pernicious role of racism."[23]

Emphasizing the importance of the movement of rank and file union members, G. Hall called it "an event of historical importance," which is affording an opportunity to create a mass base for the development of the leftist trend in the labor union movement. "Now the movement of rank and file members and their groups," G. Hall noted, "has become the mass base of the development of the leftist trend at all levels."[24] In this connection, the communist journal POLITICAL AFFAIRS wrote, the active work of the union members "is having a mighty influence on the entire situation in the labor union movement--from the level of local organizations to the highest body of the AFL-CIO--its executive council."[25]

The events also had an influence on the activization of the forces of the center in the U.S. labor union movement, which, as was indicated above, during the years of the Cold War and the McCarthyite reaction were dispersed or went along with the right wing union bureaucracy. In the 1970's the forces of the center began to a greater or lesser extent to reject class cooperation and to take into account the interests and demands of the workers. In the mid-1970's there emerged in the United States organizations of union members, which united both the representatives of the rank and file movement and the representatives of the center, who held executive positions at various levels of the labor union movement. Among these organizations are, for example, the Coalition of Black Trade Unionists, the All-Union Committee for Shorter Hours, Steelworkers Fightback and others.[26]

"The movement of important political forces in the labor unions away from right wing positions," G. Hall wrote, "is the broadest and most important political process now taking place."[27] In this connection the Communist Party of the United States came to the conclusion that the historical need to create in the United States a lasting coalition of the labor unions holding leftist and centerist positions was ripe.

The situation which has formed in the country during the Carter Administration is promoting the union of the leftist and centerist forces in the labor unions, it is prompting mass public organizations to cooperate with the labor unions. By late 1978 the members of these movements were

convinced that the President had not fulfilled the promises given to them during the 1976 election to reduce unemployment, to curb inflation and to solve other socio-economic problems of American society, just as he had not fulfilled his promises to reduce the military budget; while he has been in office the urgent problems have continued to become more acute, while Pentagon spending increased.

During these years the monopolies launched a mighty attack on the rights of the labor unions in order to throw on the shoulders of the workers the burden of the intensifying crisis of American society and to repress the growing struggle of the working class.[28]

In this attack on the working class the Carter Administration was on the side of big business. The administration's policy had the result that the U.S. Congress killed a number of bills, which ensured the labor unions some protection against the attack of the monopolies, as well as a bill which called for measures to reduce unemployment. The Carter Administration is trying to halt inflation by reducing the real wages of the workers, to reduce the federal budget deficit and to increase Pentagon spending by decreasing the appropriations for social programs.

The socio-economic policy of the Carter Administration is arousing the growing discontent of the labor union movement. Even former AFL-CIO President G. Meany was forced to admit that during his election campaign Carter deceived the labor unions and then "betrayed his liberal supporters, having created the most conservative administration since the times of Calvin Coolidge."[29]

The left wing of the U.S. labor union movement is condemning the socio-economic policy of J. Carter even more categorically than the AFL-CIO leadership is. D. Fraser, president of the UAW, which is the leader in this wing, stated that the administration is ineffective and is not pursuing in Congress a bill in which the labor unions are interested. If J. Carter does not change his policy, D. Fraser declares, in the 1980 election he will get into difficulties.

The main reason for the discontent of the left wing of the labor union movement, as well as of the overwhelming majority of democratic organizations of the United States is that, in their opinion, the administration is incorrecting setting the priorities of the country, placing the increase of Pentagon appropriations in the forefront and spending on solving socio-economic problems in the background. U.S. NEWS AND WORLD REPORT wrote in this connection that "liberal groups, such as Americans for Democratic Action, the Black Caucus in Congress, in concert with the labor unions are uniting ranks for the struggle against the budget priorities of the White House and to achieve the limitation of Pentagon spending."[30]

The creation in January 1979 of a broad coalition of labor unions and various social organizations, as well as the events following it attest to this. The preparation for the creation of the coalition was begun back in

October 1978 at a conference in Detroit, which was held on the suggestion of D. Fraser for the purposes of "examining the question of setting up a new union to change the American political system by transforming it into a more responsible, reasonable and democratic system."[31] In all 104 mass public organizations took part in the work of the conference, including 30 major labor unions, among which the unions supporting the strengthening of detente and peace played the most active role during its preparation and work.

"We convened this conference," D. Fraser declared from its rostrum, "because many have become despondent due to the inability of the political system to meet the needs of the American people."[32] Its participants sharply criticized the policy of the Carter Administration and the action of the 95th Congress. Those who spoke called for the creation in the United States of a mass workers' party that would be independent of the two main bourgeois parties. The speech of Representative R. Dellums, who condemned the increase of the U.S. defense budget, was one of the main ones; other conference participants also supported him.

On 15 January 1979 more than 100 participants of the Detroit conference set up the permanent Progressive Alliance in Washington. The declaration adopted by the founders of the alliance on its goals contains a sharp criticism of the policy of the monopolies, right wing forces and the government for the aspiration to shift the burden of the socio-economic and political crisis of society onto the workers, the poor and the national minorities who are subject to racial discrimination. The Democratic and Republican parties, it is indicated in this document, do not want to act in the spirit of political and economic justice. The Progressive Alliance members stated that they support "the policy of strengthening peace and rejecting the inflated defense budget."[33]

The Detroit conference and the founding of the Progressive Alliance stepped up the mass democratic movements. In 1979 hundreds of public organizations held many conferences, at which numerous coalitions were set up to struggle for a change in government budget priorities, for a decrease of defense spending and an increase of the appropriations for social needs, against the government methods to combat inflation, for effective steps to reduce unemployment and for the equal rights of national minorities and women.

The characteristic traits of the current upsurge of the mass movements consist in the fact that the leading role in them belongs to the left wing of the labor unions, as well as in the fact that both the labor unions and other mass public organizations are tying the possibility of solving the socio-economic problems of American society with the need to reduce the U.S. defense budget.

Important changes have occurred in the labor union movement in the 1970's. Despite the attempts of the union bureaucracy of the AFL-CIO to mobilize the labor unions to fight against the policy of detente, in the movement the forces coming out in support of this policy grew stronger; a number of

directions of the foreign policy activity of Meany and his followers were defeated. Along with this in the 1970's the revival of the left wing of the labor union movement, which had been smashed during the years of the Cold War and the McCarthyite reaction, took place as a result of the consolidation of the movement of rank and file union members and the movement of the forces of the center away from the reactionary union bureaucracy.

The changes in the U.S. labor union movement took place and are taking place under the influence of factors which neither the forces of American imperialism nor the reactionary union bureaucracy are capable of eliminating. These factors consists in the intensification of the general crisis of capitalism, the change of the balance of forces on the world arena in favor of socialism and the persistent Leninist peaceable policy of the Soviet Union and the other socialist countries.

The retirement of G. Meany from the AFL-CIO presidency and the appointment by the 13th congress of L. Kirkland, who considers himself a follower of the ideology of his predecessor, to his post will not eliminate the sharp confrontation of the forces in the American labor unions. Rather, the heat of the struggle will increase even more. But this struggle already now is taking place under the conditions of the strengthening of the forces of peace and social progress in the U.S. labor union movement and the weakening of the positions of the reactionary union bureaucracy.

FOOTNOTES

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2. S. Alinsky, "John L. Lewis," New York, 1949, p 153.

3. W. Z. Foster, "Outline History of the World Trade Union Movement," New York, 1956, p 474.

4. POLITICAL AFFAIRS, January 1978, p 1.

5. S. Lens, "Labor Lieutenants and the Cold War," "Autocracy and Insurgency in Organized Labor," edited by B. Hall, New Brunswick, New Jersey, 1972, p 338.

6. LOOK, 31 May 1966, p 25.

7. NEW YORK POST, 4 March 1971, p 46; 12 June 1972, p 22.

8. WORLD MAGAZINE, 20 July 1974, p M-2.

9. THE MIAMI HERALD, 8 May 1969.

10. WORLD MAGAZINE, 17 June 1978, p M-6; DAILY WORLD, 10 May 1979, p 1.

11. NEWS FROM UAW, 5 June 1972, pp 1, 2.

12. NEWS FROM UAW, 21 July 1972, pp 1, 2.

13. UE NEWS, 8 April 1974, p 4.

14. NEWSWEEK, 29 January 1979, p 26.

15. SUMMIT COUNTY LABOR NEWS, 15 December 1972, p 1.

16. DAILY WORLD, 22 October 1975, p 1.

17. DAILY WORLD, 9, 24 May 1979.

18. THE NEW YORK TIMES, 8 August 1979, p A-11.

19. THE NEW YORK TIMES, 9 August 1979, p A-14.

20. L. I. Brezhnev, "Leninskim kursom. Rechi i stat'i" [By the Leninist Course. Speeches and Articles], Vol 2, Moscow, 1973, p 23.

21. WORLD MAGAZINE, 20 July 1974, p M-2; POLITICAL AFFAIRS, July 1978, p 2.

22. POLITICAL AFFAIRS, March 1978, p 35.

23. POLITICAL AFFAIRS, July 1978, p 12.

24. POLITICAL AFFAIRS, January 1978, p 2.

25. POLITICAL AFFAIRS, October 1977, p 6.

26. POLITICAL AFFAIRS, March 1978, p 35.

27. POLITICAL AFFAIRS, January 1978, p 1.

28. THE NATION, 9 September 1978, p 197.

29. U.S. NEWS AND WORLD REPORT, 22 January 1979, p 63.

30. Ibid., p 17.

31. UAW SOLIDARITY, 15-30 October 1978, p 3.

32. DAILY WORLD, 18, 26 October 1978.

33. DAILY WORLD, 16 January 1979, p 8.

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INDUSTRIAL CONSTRUCTION AND THE INVESTMENT PROCESS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 35-47

/Article by Ya. A. Rekitar and V. B. Kondrat'yev/

/Text/ Capital construction is one of the largest and most important sectors of physical production, which has a diverse influence on all economic development. A wide range of measures, which in essence encompass the entire construction complex and questions of increasing the efficiency of all the components of the construction cycle, is outlined in the decree of the CPSU Central Committee and the USSR Council of Ministers, "On the Improvement of Planning and the Intensification of the Influence of the Economic Mechanism on the Increase of Production Efficiency and Work Quality." This is increasing the interest in our country toward U.S. practice in this area, especially in such questions as the nature of the relationship of the investment process and the construction cycle and the problems of their effectiveness, the improvement of the technological and reproduction structure of investments, the development of operations on the renovation and reequipment of operating enterprises and the reduction of the amount of unfinished capital construction. For all the difference of the social systems and the economic mechanism the study of the experience of the United States in these questions interests us not only because the scale of investments and construction operations in the United States as a whole is comparable with our scale, but also because the general trends of the materialization of the achievements of scientific and technical progress in this area have been reflected to a great extent in the United States.[1]

Let us first of all recall that the investment process is the basis of expanded reproduction, inasmuch as it mediates the replacement and accumulation of fixed capital. In this sense it determines the rates and proportions of economic development in general. The accomplishment of this process also involves expenditures of some investment resources, which assume the form of specific use values--machinery, equipment and devices (the active units of fixed capital), on the one hand, and buildings and structures (the passive units), on the other. But capital construction, which is regarded as the process of forming the units of fixed capital, is one of

the most important links of the investment process. The embodiment of a part of the investment resources in concrete production and nonproduction buildings and various structures takes place precisely within the construction cycle.

In the construction cycle three inseparably interconnected stages are usually distinguished: the designing and engineering preparation of the construction site; the construction as such; the placement of the erected buildings and structures into operation. The central place belongs to the construction, in which, as a rule, the main reserves for increasing the effectiveness of the investment process as a whole are incorporated. Close production ties of the construction industry as such with the sectors of the material and technical base of construction--the construction materials and components industry and construction and road machine building--are established at this stage. Together with the sphere of planning and surveying work they all form the construction complex in the economy. It is not surprising that in recent times American and West European specialists have linked more and more often with the development of the construction complex the solution not only of sectorial problems, but also of general economic tasks, such as economic growth, "full" employment, environmental protection, the efficient use of scarce resources and others.[2]

It is of no small importance that construction, in contrast to other sectors of the economy, is characterized by a longer period of production and requires considerably greater one-time investment expenditures on the production of the final product. Precisely this, on the one hand, makes it necessary to accumulate large amounts of capital assets for backing the investment process and, on the other, puts off the moment of the receipt of the economic impact, which under the conditions of changing market conditions is fraught with serious economic consequences, particularly with considerable fluctuations of economic activity.

What are the most important features of the investment process in the United States at the present stage and what is their influence on the development of capital construction?

The Dynamics and Factors of Development

The interrelationship of capital construction and the investment process in real economic life appears in different forms. First of all this pertains to the dynamics of investments and the amounts of new construction, their sectorial, technological and reproduction structure. Here this interrelationship is far from always of a direct, immediate nature. But for a more or less lengthy historical interval of time the overall proportions between the investment process and the construction cycle have remained, as a rule, constant.

In the postwar period the investment process in the United States was characterized by relatively high rates. On the average during 1950-1977 the growth rate of gross c[illegible] investments in the U.S. economy was

3.0 percent. At the same time the average annual growth rate of the amounts of new construction was 2.3 percent. This lag reflected the outstripping increase of capital investments in machinery and equipment. Here for some periods the correlation of the growth rates of the amounts of new construction and gross investments changed quite substantially.

The 1950's were marked by the start of a significant reorganization of the U.S. economy under the influence of the scientific and technical revolution. The creation of new sectors required major investments not only in basic production, but also in the development of systems of transportation, communications, the entire production infrastructure, that is, the sectors in which the proportion of construction expenditures as such is comparatively high. Therefore during this period the gap in the rates of gross investments and new construction was relatively small--0.7 (2.8 - 2.1) percentage point (see Table 1).

Table 1

Indicators of the Investment Process

	Average annual growth rates, percent				
	1950-1960	1960-1970	1970-1973	1974-1977	1950-1977
Gross capital investments in the economy.	2.8	3.9	6.1	2.2	3.0
Amount of construction investments .	2.1	2.1	6.0	1.1	2.3

"National Income and Product Accounts 1929-1974," Washington, 1976; "Construction Review" for the corresponding years.

In the 1960's the development of the scientific and technical revolution had an especially great influence on the development of the investment process. One of its typical traits consisted in the fact that the sectors with a high proportion of active units of fixed capital in the capital investments were extensively developed. Moreover, the progress of science and technology in construction itself and its changeover to a considerable extent to an industrial footing made it possible to reduce substantially the construction costs in a number of traditional sectors. As a result, the growth rates of new construction during this period as compared with the preceding period as a whole did not change, although the growth rates of gross capital investments increased from 2.8 percent to nearly 4 percent.

Further, indications of the obsolescence of a considerable share of the fixed capital in the nonproduction sphere, especially in housing construction, the amounts of which during the postwar period virtually did not increase, appeared distinctly in the American economy at the boundary between the 1960's and 1970's. Therefore, the recovery from the 1969-1970 slump was accompanied by the replacement of fixed capital not only in the production sectors, but also to a considerable extent in the nonproduction sectors. The vigorous investment activity during 1970-1973 was combined with activeness in the area of capital construction (Table 2).

Table 2

Dynamics of Construction Investments, Billions of Dollars, 1972 Prices

	1929	1950	1955	1960	1965	1970	1973	1977	Average annual growth rate 1929-1950	1950-1973	1950-1977
Gross investments in the economy (total)	61.6	99.0	117.7	127.4	177.4	187.9	227.7	217.4	2.3	3.7	3.0
Including: in buildings and structures	44.0	66.5	81.6	90.0	116.4	115.6	135.6	122.1	1.9	3.2	2.3
Investments of private sector (total)	51.3	83.2	96.3	101.0	138.8	150.4	191.4	187.4	2.4	3.7	3.1
Including: in buildings and structures	34.8	52.2	61.9	62.6	83.1	83.2	105.0	97.5	1.9	3.1	2.3
Investments of public sector (total)	10.3	15.8	21.4	26.4	38.6	37.5	36.3	30.0	2.1	3.1	2.4
Including: in buildings and structures	9.2	14.3	19.7	24.4	33.3	32.4	30.6	24.6	2.1	3.4	2.2

Calculated according to: "National Income and Product Accounts 1929-1974," pp 6, 7, 324; SURVEY OF CURRENT BUSINESS, July 1978, pp 26, 49.

The 1973-1975 slump was accompanied by a sharp decline in investment activity. Only in 1978 in the total amount of capital investments ($254 billion) did the American economy achieve the preslump maximum (1973), while the amount of construction investments in 1978 was lower than this level. But at the same time in recent years in the United States, as in other developed capitalist countries, there has cleared emerged a tendency for the role of the construction complex to increase in connection with the need to solve major investment programs, such as the development of new regions, new sources of raw materials and energy, the ecological problem, the development of the resources of the world ocean. Thus, the measures on implementing energy programs in the United States might have a significant influence on the investment process and the stepping up of construction activity. For example, the increase of coal production by approximately twofold as compared with the 1973 level, which is just being planned, will require, according to the estimates of experts, about $25 billion of capital investments.[3] For the energy problem as a whole, according to the calculations of American specialists, it will be required to invest $800-900 billion in power engineering in 10 years.[4]

The major expenditures connected with the need to solve the ecology problem should also be grouped with the peculiarities of the investment process at the present stage. According to the estimates of American specialists, in the second half of the 1970's the proportions of the expenditures on cleaning up water and the air in the total amount of investments should have been approximately 7 percent in electric power engineering, 11 percent in the chemical industry, 15 percent in the pulp and paper industry, 16 percent in the glass and ceramics industry and 25-30 percent in metallurgy. Foreign experts are trying also to assess the nature of the further development of the investment process under the influence of major investments in environmental protection. According to one such assessment, additional capital investments for these purposes in the amount of up to 10 percent of the total amount of investments might lead to a decrease of the growth rate of the GNP on the whole by 0.3 percentage point, but at the same time an increase of the rates will follow in capital construction.[5]

It is also necessary to note the tendency, which has emerged in recent years, for capital construction to develop beyond the national framework, in which this sector traditionally developed, and its more and more intensive involvement in the international division of labor. The international nature of the investment process now is also being displayed more and more often in the form of construction activity. Foreign trade not only in special construction machinery and equipment, but also in construction services like "engineering," including the performance of technical and economic studies, calculations and substantiations of designing, technical supervision over construction, the equipment of enterprises, start-up and adjustment work and the direct construction of projects, has assumed great importance. The amount of the foreign contracts of the 15 leading U.S. construction firms in 1978 was 40 percent of the total amount of the construction contracts concluded by them. During the period from 1971 to 1975 alone the share of investment activity abroad for 400 construction firms increased from 4.9 to 21.8 percent.[6]

It is well known that among the factors, which affect the investment process under the conditions of modern capitalism, three most essential factors are usually singled out--scientific and technical progress, the state-monopoly regulation of the economy and the intensification of capitalist competition. The dynamics of construction is also under their influence.

Thus, under the conditions of the acceleration of scientific and technical progress, the development of competition and the structural shifts connected with them, as well as in connection with the appearance of new works and sectors the objective conditions are being created for a substantial increase of the amounts of construction investments.[7] At the same time under the same conditions the economy of construction costs, as a rule, is becoming one of the main directions of the increase of the efficiency of the investment process and social production as a whole. And although the average annual growth rates of capital construction increased from 2.0 percent in 1929-1950 to 2.3 percent in 1950-1977, the proportion of construction investments in the total amount of capital investments in the U.S. economy steadily declined. In 1929 it was 71 percent, in 1950--66.9 percent, in 1973--59.2 percent and in 1977--55.7 percent. This is a very important, typical fact.

In the postwar years the influence of the bourgeois government on the development of the investment process increased slightly. It is well known that in its measures it is focusing attention on those spheres of the economy, whose products, in conformity with the bourgeois political economy, do not provide income. These are precisely the sectors which do not attract private capital as a result of the low profitability or the duration of the turnover of capital, but are of great vital importance to the functioning of the entire capitalist economy. Thus, in 1977 the largest item of public investments in the United States was the expenditures on the development of the transportation system--24.2 percent of the investments. The spending in the sphere of education made up about 15 percent, expenditures on municipal services made up 18 percent and the expenditures on the protection and development of natural resources made up 9.8 percent.[8] Government spending increases especially significantly during the years of slumps. Thus, during 1973-1975 the proportion of the public sector in the total expenditures on construction in the country increased from 24 to 31 percent.[9] It can be said that the increase of government interference in the course of the reproduction process in the United States is more and more closely connected with the expansion precisely of the construction field of activity. The overall share of the spending connected with the performance of construction work in public investments is approximately 85-90 percent.

The Sectorial Structure of Investments

The structural changes, particularly the changes of the ratios in the distribution of capital investments among the different spheres and sectors of the economy, are the most important qualitative characteristic of the development of the investment process. First of all the question, how

completely are the changes of the ratios between the physicial and nonphysical spheres of the economy reflected in capital construction, is of interest.[10]

Studies of Soviet economists have revealed the important tendency of the outstripping development of those sectors of the economy of the leading capitalist countries at the present stage, in which primarily nonphysical forms of wealth and services are produced.[11] They have established that the proportion of the nonphysical sphere in the U.S. GNP from 1950 to 1973 increased from 51.9 to 56.3 percent. The same tendency was also observed in the investment process. The average annual growth rate of investments in the sectors of the nonphysical sphere was 3.6 percent, while that in the sectors of the physical sphere was 3.0 percent. Similar shifts were established in the reproduction of the passive portion of the fixed capital: the proportion of the nonphysical sphere of the economy in the total amount of capital construction increased from 51.6 percent in 1950 to 59.8 percent in 1977 (see Table 3).

Table 3

Dynamics and Structure of Construction Investments,* Billions of Dollars, 1972 Prices

	1950	1955	1960	1965	1970	1973	1977	Average annual growth rates for 1950-1977, percent
Total amount.	33.1	46.5	54.5	75.4	78.2	81.8	70.7	2.9
Including:								
physical sphere. .	16.0	19.7	22.0	29.7	27.9	26.3	28.4	2.1
proportion, percent.	48.3	42.4	40.4	39.3	35.7	32.2	40.2	
nonphysical sphere	17.1	26.8	32.5	45.7	50.3	55.5	42.3	3.4
proportion, percent.	51.6	57.6	59.6	60.7	64.3	67.8	59.8	

*Excluding housing construction.

"National Income and Product Accounts 1929-1974"; SURVEY OF CURRENT BUSINESS, September 1975, pp 9-21; July 1978, p 49.

Here the construction investments in the nonphysical sphere increased more rapidly than the gross investments in the economy of the country, while in the physicial sphere the most intensive investments were made in the active portion of the fixed capital. From this it follows that the change in the proportions between the spheres had at its basis the increase of the efficiency of construction activity precisely in the sectors which produce material wealth and are the backbone of the economy. This is also confirmed by the sectorial structure of construction investments: the analysis of Table 4 shows that in the postwar period a significant regrouping of

the sectors by growth rates of construction expenditures occurred. Whereas in 1930-1950 agriculture, housing construction and industry led in this respect (the average annual growth rates were respectively 8.4, 7.0 and 2.6 percent), in the following two decades construction investments were made most intensively in the trade and financial spheres, in transportation and communications, in health and education (12.0, 4.3 and 3.8 percent). This shift was connected with the new conditions of reproduction in the American economy in the postwar period and with the changeover to new forms of the intensification of the economy.

Indeed, in connection with the cyclical slump (1973-1975) the share of the mentioned sectors of the nonphysical sphere in the total amount of construction investments decreased slightly. But their growth rates as compared with 1950-1970 remained quite high. The slight decrease of construction investments in these sectors was connected with the flow of capital investments into the spheres of industry in connection with the changeover of the economy during the phases of the recovery and upswing.

The outstripping development of construction of trade enterprises and financial institutions in the postwar period was caused by the extensive diffusion of credit, the changeover of trade to consumer service through supermarkets, the growth of the public dining network, as well as the increase of the net marketing costs. The development, especially in recent years, of various firms, which offer services to business on questions of internal planning, on planning and design operations, advertising and others, belongs here. In 1972 the proportion of new construction in the total amount of spending on commerical construction was already 88 percent.

The intensity of construction in transportation and communications until the mid-1960's was connected mainly with the fulfillment of the program of creating a network of interstate highways and roads. (The development of rail transport at that time proceeded primarily in the direction of the renovation of the already existing system.) Subsequently the proportion of motor transport in the total amount of construction investments in the sectors of transportation and communications declined (in 1950--69.9 percent, in 1977--59.6 percent). The investments in oil pipeline transport up to 1974 were negligible. With the start of the construction of the trans-Alaskan oil pipeline its proportion increased significantly (1950--6.3 percent, 1977--8.7 percent). The proportion of communications increased especially significantly (from 14.3 to 26.9 percent).

The development of science, education and health care as the most important nonphysical conditions of capitalist reproduction stimulated a considerable increase of construction investments in this area. Major scientific centers and laboratories were built, the system of general educational schools, higher educational institutions and medical schools was enlarged. This led to an increase of the share of public health and education in the total amount of capital investments in the United States from 8.4 percent in 1950 to 9.8 percent in 1973.

Table 4

Sectorial Structure of Construction Investments, Billions of Dollars, 1972 Prices

	1930	1950	1955	1960	1965	1970	1973	1977	1930–1950 Growth rates, percent	1930–1950 Average annual rate of increase, percent	1950–1973 Growth rates, percent	1950–1973 Average annual rate of increase, percent
Total amount.	36.9	66.5	81.6	90.0	116.4	115.6	135.6	122.1	180.2	3.0	203.9	3.2
Including:												
agriculture	0.7	3.5	2.8	2.4	2.1	1.7	2.0	2.0	500.0	8.4	57.5	-2.5
proportion, percent .	1.9	5.3	3.4	2.7	1.8	1.5	1.5	1.6				
industry.	6.8	11.4	15.8	17.5	24.7	22.3	21.7	23.7	167.6	2.6	190.4	2.8
proportion, percent .	18.4	17.2	19.4	19.4	21.2	19.3	15.9	19.4				
transportation and communications.	9.3	6.1	9.2	11.6	15.0	16.5	16.0	12.7	65.6	-2.1	262.3	4.3
proportion, percent .	25.2	9.2	11.3	12.9	12.9	14.3	11.8	10.7				
trade and finance . . .	1.6	1.0	1.9	3.2	6.0	7.8	11.2	8.2	62.5	-2.3	1120.0	12.0
proportion, percent .	4.3	1.5	2.3	3.6	5.2	6.8	8.3	6.7				
housing construction. .	8.6	33.4	35.1	35.1	41.0	37.4	53.8	51.4	388.4	7.0	161.1	2.1
proportion, percent .	23.3	50.4	43.0	39.5	35.2	32.4	39.7	42.1				
health and education. .	3.9	5.6	7.3	8.2	12.6	13.9	13.2	9.4	143.6	1.8	235.7	3.8
proportion, percent .	10.9	8.4	8.9	9.1	10.8	12.0	9.8	7.7				
other sectors	6.0	5.5	9.5	11.6	15.0	16.0	17.7	14.7	91.7	-0.4	321.8	5.2
proportion, percent .	17.0	9.0	11.7	12.8	12.9	13.7	11.9	12.1				

Calculated according to: "National Income and Product Accounts 1929–1974"; SURVEY OF CURRENT BUSINESS, September 1975, pp 9–21; July 1978, p 49.

The dynamics of industrial construction was quite contradictory. A period of comparatively slack construction activity followed the high rates of the early 1950's, which were connected with the postwar step-up of investment activity, while starting in the second half of the 1960's, after a comparatively long investment boom in industry, a decline even of the absolute amounts of construction investments began. On the whole the proportion of industry in the total amount of construction investments in the U.S. economy in the early 1970's was even lower than in 1950.

Of the individual sectors of industry (see Table 5) power engineering consumed the largest portion of the construction investments. Not only a relative, but also an absolute decrease of the amounts of investments was observed in the mining of natural resources. Only since 1973, in connection with the aggravation of the energy and raw materials crisis, did the share of the extractive industry begin to increase.

Table 5

Structure of Construction Investments in Industry, Percent of Total (Total Amount = 100)

	1950	1973	1977
Processing industry.	32.5	37.0	33.8
Extractive industry.	32.5	18.2	26.7
Power engineering.	35.0	44.8	39.5

Calculated according to: "National Income and Product Accounts 1929-1974," pp 6, 7, 324; SURVEY OF CURRENT BUSINESS, July 1978, pp 26, 49.

In agriculture since the 1950's the expenditures on the reproduction of the passive part of the fixed capital steadily declined. From the most dynamic sector in this respect, which it was in 1930-1950 (the average annual growth rate was 8.4 percent), agriculture was transformed into the main factor of the curbing of construction investments in the physical sphere of the economy. It was the only sector, in which during the postwar period an absolute decrease of construction investments occurred (annually on an average of 2.5 percent).

Thus, before the early 1950's construction accumulation was carried out most intensively in the sectors of the physical sphere of the American economy--industry and agriculture. The new stage of development of the U.S. economy, which began with the launching of the scientific and technical revolution, was marked by the intensification of construction accumulation in the sectors for the production of nonphysical types of wealth.

Technological and Reproduction Structure of Investments

An important indicator of the development of the investment process and its effectiveness is the technological and reproduction structure of the

investments. It is understood in the former case as the ratio of the expenditures between the passive (the construction of buildings and structures) and the active (equipment, machinery and so on) parts of the investments, while in the latter case as the distribution of the investments between the building of new enterprises, on the one hand, and the renovation and modernization of previously built enterprises and other facilities, on the other. Of course, other things being equal, the greater the proportion of the active units is, the greater the effectiveness of the investments as a whole is.

A quite definite structure of investments, which results from the level of economic development, the correlation of the intensive and extensive factors of social production and the objective current and long-range needs of the development of productive forces, is formed at each individual historical interval of the economic development of a country. As the experience, for example, of the United States and Japan shows, construction investments increase especially intensively in the initial stages of the development of the scientific and technical revolution in connection with the need to create a more comprehensive network of the production and socio-economic infrastructure.

In the long run the economy of passive units of investments acts as one of the main factors of the increase of the effectiveness of accumulation and the investment process as a whole. Thus, in the United States in the period from 1950 to 1977 in connection with the renovation and reequipment of many enterprises the construction investments increased on the average by 2.3 percent a year, while the total amount of investments increased by 3.0 percent (Table 1). A decrease of the proportion of capital investments channeled into new construction--from 67.2 to 55.7 percent--was the result. Here the most significant saving of construction expenditures was achieved in the physical sphere of the economy. Thus, the proportion of new construction in the capital investments in industry decreased from 43.6 percent in 1950 to 34.9 percent in 1973, while in agriculture it decreased even more significantly: from 47.9 percent to 23.0 percent (see Table 6). The achievements of the scientific and technical revolution became most widespread precisely in these sectors. The slight worsening of the technological structure of the investments in industry in recent years is connected with the temporary halt of some construction projects and the lengthening of the term of construction during the initial period of the 1973-1975 slump. According to the available preliminary data, at present the technological structure of investments is approaching the parameters of 1973.

The high rates of scientific and technical progress in industry and agriculture led to the rapid obsolescence of the means of labor. New demands also began to be made on the conditions under which they had to operate. Therefore production buildings began to be built with the intention of ensuring the "flexibility" of the layout and the possibility of increasing the production capacities with the minimum expenditures on renovation. The tendency to build facilities from dismountable assembled components, which

make it possible during renovation to carry out in a short time the dismantling or addition of entire blocks and sections and to adapt buildings more completely to the nature of the future processing method, intensified. The use of new, more advanced materials along with the development of industrial methods of construction made it possible to shorten substantially the construction period of new production capacities and to reduce their unit cost. But this in turn served as the main factor of the saving in the construction portion of investments. As a result, the average annual rates of increase of the investments in industry /as a whole/ /in boldface/ in 1950-1975 were approximately 1.5-fold higher than in construction. In the agricultural sector until the early 1970's even an absolute decrease of the amounts of construction activity occurred.

Table 6

Proportion of Construction Investments in the Gross Capital Investments in the U.S. Economy, Percent (Calculated in 1972 Prices)

	1950	1955	1960	1965	1970	1973	1975
Economy as a whole.	67.2	69.3	70.6	65.6	61.5	59.6	56.2
Including:							
agriculture	47.9	47.4	48.0	32.3	24.6	23.0	23.7
industry.	43.6	49.7	47.5	45.8	40.3	34.9	42.2
transportation and communications	53.7	68.1	69.8	61.9	65.6	55.6	46.3
services.	72.8	64.3	76.2	76.5	70.8	65.2	56.4
housing construction. . . .	91.7	94.2	95.2	87.1	86.5	88.2	89.3

Calculated according to: "Year Book of National Accounts Statistics 1976," New York, 1977, p 1162; New York, 1965, p 321; "National Income and Products Accounts 1929-1974."

The reduction of the proportion of construction costs in the capital investments in industry was not rectilinear. In the 1950's, when a substantial reorganization of the structure of the U.S. economy and the formation of new sectors were carried out under the influence of the scientific and technical revolution, the expenditures on the building of new enterprises increased slightly more rapidly than the expenditures on the renovation of operating enterprises. The stock of buildings and structures, which was accumulated during those years, made it possible subsequently to move on to the change of the technological structure of investments in favor of their active part.

In agriculture, on the contrary, the most intensive construction accumulation was carried out during the prewar and first postwar years. Then a period of the rapid reequipment of the sector began, and the proportion of construction investments decreased during 1950-1973 from 47.9 to 23.0 percent. However, by the early 1970's a "shortage" of construction investments began to be felt here: the stock of buildings had become significantly

obsolete and began to check the development of production. In this connection a tendency for a slight increase of the rates and proportion of construction in this sphere has been noted in recent years.

The change in the reproduction structure of the passive portion of the fixed capital in favor of the proportion of the expenditures allocated for the modernization and renovation of operating enterprises may function as an important factor of the development of construction. In the case of renovation, in contrast to new construction, the construction period of new capacities and their unit cost are reduced substantially. A significant saving on construction costs is achieved in this way. The following data attest to such a change in the reproduction structure of investments in the United States. According to our estimates, in 1950 the proportion of the expenditures on recovering the cost of the passive portion of the fixed capital by modernization and renovation in the construction investments was 44 percent, in 1970--54.7 percent and in 1977--75 percent.[12]

Experience also shows that the improvement of the technological and reproduction structure of investments to a great extent is directly dependent on the organization of designing. Thus, in U.S. practice, as a rule, before a decision on the designing and construction of industrial and other projects is made, a detailed technical and economic evaluation of the planned measure and the selection of the optimum decision are made. This arrangement encompasses the gathering of technical and economic information on past construction experience (a data bank) and provides for multivariant designing and the economic substantiation of the various variants using economic-mathematical modeling and computers.

A comparatively debugged mechanism of calculations of the cost of construction, which governs the tendency of the cost estimates of the projects, which are proposed by the clients and the contracting firms, to converge, as well as the reduction to a minimum of the deviations of the actual cost from the estimated cost are another important condition of the improvement of the technological and reproduction structure of investments in the United States. This is achieved by the use of a system of indices, which takes into account the market fluctuations of the prices for construction materials and manpower; by flexible methods of monitoring the observance of the estimated cost in the process of construction on the part of the client; by strict norms of construction and budgetary legislation, as well as by contractual clauses with respect to the quality, period and cost of construction, which provide for a system of guarantees and sanctions; by the consideration of the degree of technical and economic risk in the construction process; by the availability of a special staff at the construction firms (budgetary engineers and others) for the continuous measurement of the deviations of the cost of construction from the financial estimate. In order to take all the factors into account when calculating the cost of construction and for the maximum possible precision of the estimates when designing and implementing major investment programs the principle of their division into individual complexes and projects is used and mathematical-economic models and formulas, empirical methods, which are based on graphs

and nomograms, standard catalogs of cost quotations, cost sheets and so on are employed.

The briefly stated procedure and the methods of designing and estimates of the construction cost merit concrete study and a critical analysis and can be used in other countries with the appropriate corrections for the specific nature of their economic mechanism and form of government.

The Effectiveness of Construction Accumulation

The considerable saving, which was obtained in the sectors of physical production, and the increase on this basis of the effectiveness of accumulation, particularly construction accumulation, have become the most important factor of the redistribution of investments in favor of the nonphysical sphere of the economy and its outstripping development in the postwar period. On the basis of the data on the technological structure of investments it can be presumed that the nonphysical spheres of the economy only comparatively recently embarked on the extensive use of the achievements of scientific and technical progress.

At the same time at the boundary of the 1960's and 1970's there was also noted here a tendency to save construction expenditures in connection with the further increase of the proportion of equipment in the gross investments and with the improvement of design, architectural and construction decisions. In transportation and communications the proportion of construction costs in the investments decreased from 69.8 percent in 1960 to 46.3 percent in 1975 and in services from 76.2 to 56.4 percent.

The dynamics of the standard of construction accumulation can serve as evidence of a certain increase of the effectiveness of construction investments in the United States.[13]

In the postwar period the growth rates of the GDP (gross domestic product) of the United States exceeded the rates of increase of the amounts of new construction (on the average by 0.5 percentage point a year). This caused a decline of the standard of construction accumulation from 12.4 percent in 1950-1960 to 10.3 percent in 1961-1977 (see Table 7). If we bear in mind that the norm of gross accumulation[14] during that interval of time remained practically stable, it is reasonable to assume that this stability, given the relatively high growth rates of the GDP, was achieved by the increase of the effectiveness precisely of construction accumulation. In this connection the capital-output ratio of the increase of a unit of production[15] tended to decreased in the postwar period. In other words, each percent of increase of the GDP was achieved by relatively fewer expenditures on the passive units of the fixed capital.

As is evident from Table 7, on the sectorial level the picture was far from identical. In industry and especially in agriculture the norm of construction accumulation decreased considerably. But at the same time the growth rates of production in these sectors not only did not decline, but, on the

contrary, increased significantly. It is obvious that the decrease of the investment outlays on new construction in the physical sphere of the economy, which made it possible to redistribute the capital investments in favor of their active portion, in many respects also governed the comparatively high growth rate of the economy during the period 1960-1973 (as a whole).

Table 7

Effectiveness of Construction Accumulation, Percent

	Norm of construction accumulation		Average annual growth rate of GDP*		Capital-output ratio of construction accumulation	
	1950-1960	1961-1977	1950-1960	1961-1977	1950-1960	1961-1977
Economy as a whole. . . .	12.4	10.3	3.2	3.6	3.9	2.9
Including:						
agriculture.	10.2	6.5	0.9	1.6	11.4	4.1
industry	7.9	6.4	3.0	3.9	2.6	1.6
transportation and communications	15.6	12.1	4.1	3.3	3.8	3.7
trade and finance. . .	1.5	2.7	3.2	3.9	0.5	0.7
services	9.3	9.5	3.1	4.5	3.0	2.1
housing construction .	58.2	37.2	4.8	5.1	12.2	10.3

*As applied to the sectors, the average annual growth rate of the value added.

Calculated according to: "National Income and Product Accounts 1929-1974"; CURRENT SURVEY OF BUSINESS, July 1978, pp 26, 49.

An increase of the norm of construction accumulation was observed in the nonphysical sphere of the economy. Under the conditions of an increase of the growth rate of production of this sphere such an increase had the result that the output-capital ratio of the increase of production in transportation and communications remained stable, while in trade and finance it increased. However, in our opinion, this fact cannot be regarded as evidence of the ineffectiveness of the investment process in the nonphysical sphere.

Taking into account that the decrease of the output-capital ratio of social production yields the same result as the increase of the norm of accumulation (in the sense of the possibility of attracting additional investment resources), it is possible to regard the economy of construction investments as an important reserve for increasing the effectiveness of the entire process of accumulation and in the end the rates of economic growth.

During the period in question the influence of the factors of the shortening of the overall duration of the construction cycle and the increase of

the effectiveness of construction accumulation and the investment process--factors governed by the progress of science and technology--increased substantially in the United States.

The analysis of the trends connected with the development of the construction complex and the investment process in this country makes it possible to assume that in the future a number of factors of the intensification of production in the processing industry, the tendency for production to be increased by means of the renovation and modernization of enterprises and the improvement of the technological structure of the fixed capital and capital investments and the use of more effective constructive decisions for the construction of buildings will have an effect primarily in the direction of the decrease of the output-capital ratio, the shortening of the construction cycle and the increase of the effectiveness of construction accumulation in both spheres of the American economy.

At the same time the integral traits of the capitalist economy, such as the unevenness of economic development, inflation, unemployment and many other factors, which as in a focus are reflected in construction, are decreasing the effectiveness in this major sector of the economy.

FOOTNOTES

1. Here the authors do not touch upon some questions connected with the selected theme, which have already been examined in the publications of L. S. Demidova, "Characteristic Features of the Investment Process in the U.S. Economy" (No 10 of our journal for 1977), and S. N. Solov'yev, "The Construction Industry" (No 4, 1974)--editorial note.

2. "Long-Term Perspectives and Policy in the Construction Sector," New York, 1976.

3. WORLD MINING, December 1975, pp 68-69.

4. SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 9, 1977, p 26.

5. "Long-Term Perspectives and Policy in the Construction Sector," pp 31-32.

6. ENGINEERING NEWS RECORD, Vol 196, No 16, 1976, pp 62-63.

7. By this term U.S. construction statistics means all the types of expenditures, which are connected with the construction of buildings and structures, excluding the expenditures on capital repair, that is, investment outlays on the creation of the passive units of fixed capital. The concept "gross investments" encompasses along with construction expenditures also the expenditures on machinery and equipment and their installation. Thus, the term "construction investments" in its content coincides with the concept "new construction."

Here it must be borne in mind that U.S. statistics, unlike USSR statistics, includes the expenditures on renovation and the expansion of the fixed capital in the concept "new construction."

8. Calculated according to SURVEY OF CURRENT BUSINESS, July 1978, p 49.

9. Calculated according to "Construction Review" for the corresponding years.

10. A number of economists understand by the physical sphere the aggregate of sectors and types of labor activity on the creation and accumulation of the physical tools and means of production. The nonphysical sphere embraces the sectors and types of labor activity, in which primarily nonphysical forms of wealth are produced.

    Thus, the physical sphere is not identical to physical production. This latter term is usually understood as industry, agriculture, construction, trade, transportation and communications. Only the first three sectors are included in the physical sphere. Accordingly, the framework of the nonphysical sphere is broader than the nonproductive sphere, since education, health, various types of services and others are included in the nonphysical sphere.

    Given the certain conventionality of this division, it makes it possible to trace more completely the dynamics of the investment process with a breakdown by this theme.

11. "Osobennosti protsessa nakopleniya v ravitykh kapitalisticheskikh stran" /Peculiarities of the Accumulation Process in Developed Capitalist Countries/, Moscow, 1978, p 186.

12. Calculated according to: "National Income and Product Accounts 1929-1974," pp 164-165; SURVEY OF CURRENT BUSINESS, July 1978, p 48.

13. It is calculated by the authors as the ratio of the total construction investments to the gross domestic product or to the value added of the individual sectors of the economy.

14. This term is understood as the ratio of the gross capital investments to the total GDP.

15. This indicator is calculated as the ratio of the norm of construction accumulation to the growth rate of the GDP.

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THE TANGLE OF AMERICAN-IRANIAN PROBLEMS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 48-58

/Article by I. P. Belyayev/

/Text/ The tangle of American-Iranian problems, which is being discussed, written about and pondered over more and more anxiously throughout the world, is the outcome of the catastrophe which befell U.S. policy in Iran as a result of the popular, anti-imperialist revolution which took place in this most important country of the Middle East. The unprecedented aggravation of American-Iranian problems, which appeared especially strongly in November 1979, at first glance, in connection with the seizure of the U.S. Embassy in Tehran, affects a much broader group of questions than the fate of the American hostages, who were captured by the revolutionary students on the embassy grounds. The whole point is that, as is indicated in a TASS statement, "the revolution carried out by the Iranian people and their intention to oppose the imperialist policy of threats and dictation clearly go against the grain with Washington."

Let us make a short historical digression. Let me recall that the seizure of the U.S. Embassy in Tehran on 4 November 1979 was the second one. The first occurred on 14 February of the same year, that is, three days after the triumph of the armed uprising in Tehran, which began on the night of 9-10 February 1979 and became the prelude to the complete victory of the revolution. At that time, in February 1979 Ambassador Sullivan himself was among the American diplomats seized in the building of the U.S. Embassy in Tehran. In spite of this, President Carter did not hasten to make demands similar to those which he formulated in November. Sullivan in practice had turned over the embassy to the detachment of revolutionary forces, which had entered its grounds. Instead of the defense of diplomatic immunity and instead of protests the U.S. ambassador ordered a white flag to be hoisted over the embassy building.

I was in Tehran in February, and the first seizure of the U.S. embassy occurred, so to speak, before my eyes. I admit that at that time a question

arose for me: Why was diplomatic immunity violated? Iranian colleagues reminded me that a few days prior to this sensational information was broadcast over Iranian television: a tunnel at least 1.5 km long was found in the city, and it led in the direction of the U.S. Embassy. As it was explained to us, the Iranian revolutionary detachment was commissioned to establish whether this suspicious tunnel began on the grounds of the American diplomatic representation. And it turned out that this was so.

The fact that the embassy of a foreign power should by virtue of certain conventions and protocols be loyal with respect to the country in which it is located, seems self-understood. For what purpose had an entry to a tunnel under the Iranian capital suddenly appeared on the grounds of the U.S. Embassy in Tehran? An answer suggests itself: the U.S. Embassy had itself grossly violated the generally accepted principles which regulate the activity of a diplomatic representation.

Is it not for that reason that a vigorous diplomatic demarche of the United States in face of the provisional government headed by M. Bazargan did not follow immediately after the seizure of the American Embassy? On its part the Bazargan Government, as later became clear, did everything to stifle the talk about the tunnel. As if no one had found the tunnel.

The following fact comes to mind. From 1973 to 1977 Richard Helms, former CIA director, served as U.S. Ambassador to Iran. He was discharged from the directorship of the CIA and was sent to Tehran following the sharp criticism directed toward the American "intelligence community." But Richard McHara Helms is not simply an arch-spy; he is, so to speak, a "master of tunnels." The idea of using similar "structures" for subversive purposes on the territory of other states belongs to him. It is well known that such a tunnel at one time was discovered on the territory--more correctly, under the territory--of one of the socialist countries, namely the GDR.

As was reported to me in Tehran, Helms was not only U.S. Ambassador to Iran, but also in fact an adviser to Shah Mohammad Reza Pahlavi on security questions. It turns out that the U.S. Ambassador, an official, contrary to long and firmly established international customs, at the same time as fulfilling his diplomatic duties was also in the service of the head of the government to which he was accredited. It is a case which in itself has no precedents in the history of international relations. But this did not disturb either the Shah or the ambassador. And what is more, when Mohammad Reza Pahlavi accompanied Helms, who was recalled from Tehran in connection with the Watergate scandal in which he was involved, he handed the departing Helms "for services rendered" a check for $1 million and appointed him "honorary ambassador of Iran" to the United States. This occurred in only 1976. In Tehran this all became widely known and aroused anger and rage among the people.

During the eventful days of the February armed uprising in Tehran, which led to the overthrow of the Shah's regime, it became clear that along with

him his American friends and protectors also suffered a crushing defeat. At first glance this statement now sounds slightly banal. In fact, one of the characteristic features of the Iranian revolution was the integral combination of both the internal and external factors which determined its direction. The very strong popular movement in Iran, which led to the triumph of the revolution, was aimed not only against the Shah and the neocomprador establishment, but also against U.S. imperialism, which had propped up the Shah's regime with all its abominable results.

It should also be noted that the struggle against the Shah's regime at the same time was also aimed against Israel. And not at all because it was dictated by some emotional motives, as Israeli propaganda attempts to assert. It is all much more complicated. For nearly 20 years Israel helped to suppress the anti-Shah opposition. Now it is already well known that not only the CIA, but also the Israeli MOSAD trained the Shah's intelligence service SAVAK and its main personnel, who operated both within and outside the country. Diplomatic relations did not formally exist between Iran and Israel, the Israeli embassy in Tehran was called a "trade mission," but in practice this establishment was a branch of the Israeli secret services, which helped the Shah to maintain his command.

It seems that today, a year after the triumph of the Iranian revolution, it is not enough to assert that something reminiscent of a social storm took place in this country. It is necessary to emphasize that as a result of the revolution which took place the people rejected the model of the development in Iran of neocomprador capitalism, which was unacceptable to them and which the United States had tried to impose on them for the past quarter of a century. The Shah and his American protectors complemented one another.

Given all the features of the Iranian revolution, its anti-imperialist nature is obvious. Moreover, both internally and externally. In this lies one of the most characteristic features of what is happening in Iran.

In the early 1950's in the political life of Iran, which at that time was under considerable influence from England, and if we are to speak more precisely, under the protection of the Anglo-Iranian Oil Company (AIOC), the National Front began to play a dominant role. Its leader, Doctor Mossadegh, a bourgeois liberal nationalist, considered the elimination of English domination in Iran the goal of his life. And it must be said that he succeeded at this. On 8 March 1953 he pushed through the Majlis a law on the nationalization of the AIOC and thereby raised a hand against foreign domination in the country. But this meant that the popular Iranian political figure had also encroached on U.S. influence in Iran, which was increasing at that time, which quickly caused Washington to shift to counteractions.

The popularity of Mossadegh and the National Front headed by him, which increased unusually rapidly in the country and throughout the world, worried the Shah more and more. Mohammad Reza Pahlavi understood that the monarchy

in Iran would hardly survive, if the policy of nationalizing the Iranian oil industry and the unprecedented increase of nationalism, be it even of a bourgeois persuasion, were to triumph. And the Shah along with the troops devoted to him began preparing in fact for a coup d'etat. For this purpose conferences of the officers and generals, who intended to oust Mossadegh and to repeal the reforms carried out by him, were held under the aegis of the Imperial Guards.

Mossadegh found out about the coup which was being readied, and under the threat of being exposed the Shah fled Iran first to Bagdad, and then to Rome. But at critical moments of history delay may mean death, yet Mossadegh took a long time with pushing through the Majlis a law on the abolition of the monarchy. Some of his supporters even believed that the banished Shah nevertheless would never return to Tehran. They were terribly mistaken.

The point is that in the early 1950's the Americans launched their activity in Iran. President H. Truman issued instructions to devote priority attention to this country of the Middle East. Iran is the most important source of oil according to its potentials, and the "black gold" was to play an important role not only in the American economy, but also in the entire world capitalist economy. Back at that time Washington was already worried about how the oil problems during the second half of the century would take shape. And the strategic decision on the shift of the leading countries of the West to foreign sources of oil while conserving their own sources was made at that time. The plan worked out by the American military called for the creation of strategic reserves of "black gold" "just in case."

From Truman's point of view, Iran was of special value to the United States also because it bordered on the Soviet Union. Not without reason was General Bedell Smith, U.S. ambassador to Moscow during those year, especially interested in Moscow's attitude toward its southern neighbor.

D. Eisenhower, who took over the U.S. presidency from H. Truman, followed the same line with respect to Iran. It was under him that the Central Intelligence Agency was drawn for the first time into the grand policy of the United States in the Near and Middle East. It also helped to prepare and carry out the anti-Mossadegh coup d'etat in Iran in August 1953.

Recently Kermit Roosevelt, former chief of the Near East bureau of the CIA, disclosed to the world that this institution planned Operation (Ayaks), as it was abritrarily called, back during the first months of the Truman Presidency, but the leaders of the American secret services hid it from the Democratic administration, which, as was believed in the CIA, did not want open confrontation with Mossadegh. D. Eisenhower was informed about this operation beforehand. The plan of Operation (Ayaks) was approved by Secretary of State J. F. Dulles. The blessing of the head of the American foreign policy department was given to what began to happen in Tehran in the second half of August 1953. From his point of view Iran was also a raw material base for supplying the United States with oil, a strategic site

for the launching of Washington's offensive in the countries of the Near and Middle East and, finally, the ideal springboard for operations against the Soviet Union. Such were the stakes of the United States in the game which had begun.

In August 1953 there were 3,000 American military advisers in the Iranian Army. They had assumed the role of the "rescuers" of the Shah. A CIA team headed by K. Roosevelt, which came specially to Tehran, began immediately to carry out the plot. Bands of supporters of the Shah were formed with the assistance of Iranian officers, who acted in concert with the CIA, and criminals released from Tehran's prisons. First of all they seized the radio station in Tehran, via which the false report was broadcast that the Shah had returned to Iran and the government of the National Front had been overthrown.

It was no accident that the CIA agents insisted on the release of criminals from the prisons. Those who wanted to provoke disorders and to nominate a candidate for dictator always turned to the declasse elements for help. And, having received "royalties" in cash in advance, they acted while using the money freely.

On 19 August General Zahedi, who had sought refuge in one of Tehran's mosques from arrest, an order for which was issued by Mossadegh's government, suddenly quit his refuge. CIA agents delivered him to the General Headquarters of the Iranian Army, where, having produced from the pocket of his tunic the Shah's firman on his appointment as prime minister of Iran, he announced the dissolution of Mossadegh's cabinet. At the same time an Iranian tank, which was driven by one of the American military advisers, drove up to the residence of the legal prime minister and opened fire on it. The head of the Iranian Government miraculously escaped, having jumped from a window in his pajamas, but did not escape arrest. Mossadegh was seized, thrown into prison, and then eliminated.

General Zahedi established a violent dictatorship in Iran. The new military dictator of Iran first of all inflicted reprisals on the leftist forces of the country. For these "feats," I was told in Tehran, General Zahedi received $2 million from the Shah, who returned to the capital three days after the coup.

Mohammad Reza Pahlavi showed his appreciation to his American benefactors: in the spring of 1959 he signed with the United States an agreement on the "mutual defense" of Iran. Both before and after this many other treaties and agreements between both countries were signed, but the 1959 agreement nevertheless remained the main one. On its basis the Americans obtained the right to have on Iranian territory their own "military real estate"--bases, airfields, strategic roads, a dense network of stations for listening to and observing the Soviet Union. That is when Washington's designs to use Iran against our country began to be implemented.

Iran also became a base of similar operations against Nasser's Egypt, Iraq, Syria and all the Arab peoples who opposed the imperialist powers.

According to the 1959 agreement, the United States acquired the absolute right to use its "military real estate" in Iran without supervision. Of course, only "in case of need." But the same Pentagon or CIA determined the existence of such a "need."

I am anticipating a little so that the reader would get an idea of the situation which had been created in Iran on the eve of the triumph of the 1979 revolution. I arrived in Tehran on 7 February, that is, three days before the start of the armed uprising at the Farahabad Garrison. The plane of the Swiss airline, on which I arrived from Beirut, taxied slowly over the landing strip. A strange picture appeared before the astounded gazes of the passengers, who clung to the windows. The right-hand side of the airfield of Mehrabad Airport was absolutely empty. The pilot of our plane had landed the heavy craft at his own risk. The workers of the airport and all its services were on strike in support of the revolution.

In turn the left-hand side of the airfield looked different. Warplanes and transports of the U.S. Air Force stood there, pressed against each other. The same kinds of planes, but with the identification marks of the Iranian Air Force, were crowded together alongside. As it turned out, the completely autonomous services of the American part of the airport were located in the structures hidden behind the masses of American planes. However, the U.S. presence at the airport was not limited to them. As was found out later, branches of the Pentagon, the CIA and other U.S. secret services were located at Mehrabad. The ground and traffic control service of this part of the airport operated under American jurisdiction, that is, it was not subordinate to the Iranian authorities. The latter did not know when, from where, where to and with what cargo on board the American military and civilian aircraft, which operated automonously in Tehran airspace, were arriving and departing.

The Pentagon laid out before the Shah all its arsenals, including the most supersecret arsenals. The United States sold to him any arms in any amount--military equipment, electronic equipment, fighter-bombers, heavy helicopters, missiles and ground equipment to service the air force. It sold them not only because the Shah paid punctually. It was kept in mind that "in case of need" the United States itself would be able to use the American arms in Iran, if it had to establish its military power in the region of the Middle East. Let us note: on the borders of the Soviet Union!

In 1963 the Shah presented the American with another "imperial gift," deeply offending the Iranian people. He imposed on Iran a law, according to which all Americans, including U.S. military advisers in the Iranian Army, began to enjoy diplomatic immunity. By virtue of this many of them, who were not at all concerned with the diplomatic service, had diplomatic passports and the conventions concerning diplomatic immunity were applied to

them. The Iranian courts could not try Americans. In the 19th century the granting of such rights to a foreign power was called a regime of capitulation. Such a regime, for example, was imposed by England during the last century on Egypt after British soldiers occupied that country. In Iran the United States received the regime of capitulation without particular efforts. The Shah guaranteed it to the United States.

Mohammad Reza Pahlavi laid in more and more American arms. Especially when Iran's revenues increased after the fourfold increase of the prices for oil. The Shah spent an astronomical amount--$37 billion--to pay for the arms deliveries to Iran and to pay for the services of American advisers for the Iranian Army. As a result, the arrogance of the Iranian monarch rose literally like yeast. Mohammad Reza Pahlavi declared publicly that he had assumed the role of "policeman" in the Persian Gulf, "gendarme" in the Near East, a "restraining force" in Asia and Africa and even a "shield" against the Soviet Union. When the absurdity of his excessive ambitions and the danger of the vast schemes were pointed out to him, he merely shrugged his shoulders and continued to rush toward the brink.

Having acquired in 1959 an agreement on "mutual defense" with Iran, which guaranteed the United States "special" rights in this country, the Pentagon set about reorganizing the Iranian Army. This "reorganization," if it may be called that, had the aim to obtain, as a result of carrying it out, its "own" army on the borders with the Soviet Union and in case of need to place it at the service of the far-reaching plans of the United States. In Tehran the number of American military advisers multiplied. Again I am anticipating, citing just one figure: according to data published in the press, in 1978 along with other Americans employed in the military sphere they numbered not less than 25,000. In Esfahan alone about 6,000 U.S. technical specialists, who did not wear uniforms, but in practice the same military advisers, were engaged in the assmbling of heavy military helicopters. It was noted that by 1985 the number of American military advisers in Iran would at least triple.

As years passed in appearance the Iranian servicemen resembled more and more the soldiers, sergeants and officers of the U.S. Army. Do not consider this detail, reader, to have no bearing on the matter. It seems to me to be important in order to understand the present situation in Iran. The Pentagon attempted not only to hammer the American strategic doctrine into the heads of the Iranian generals, colonels, intermediate and junior officers, but also to instill in them the adoration of its own fetishes and first of all the American uniform.

Mohammad Reza Pahlavi intentionally and firmly kept the Iranian Army away from the people, which also was a part of the Pentagon's plans. First of all by enormous salaries and special increments to the pay of generals and senior officers. A villa with a car and servants became an indispensable attribute of the existence of a colonel. Every general had a bank account, the right to transmit money abroad and to invest it in any business in Iran. Thus, General Ovajssi, who left the country in January 1979 "as a

sign of protest" against the policy of "reconciliation with the street," first transferred to the United States $17.5 million.

Mohammad Reza Pahlavi personally selected the cadets for all officer schools. Every pilot underwent a special check before the monarch gave his "okay" to his enlistment in the Air Force. Personal devotion and a world outlook in the spirit of the military philosophy of the Pentagon--these are the criteria which played a role in deciding the question, who would be and who would not be an officer in Iran. Other criteria were not taken into account. The Iranian Army was considered the main buttress of the throne and American presence in the country. A typical combination, is it not? Without U.S. support in Iran the existence of the monarchy was inconceivable.

What was the Pentagon able to create in the barracks of the Iranian Army? Prior to 11 February 1979, that is, prior to the issuing of the order of Chief of Staff of the Imperial Ground Forces General Karabagi on the withdrawal of the soldiers to the barracks and the declaring of the army to be "outside politics," and in practice the disintegration of the army regiments and garrisons, the size of the army and the guards had reached 285,000 men, plus 100,000 military pilots and ground service personnel of the air force, plus 70,000 personnel of the police and several tens of thousands of soldiers and officers of the special units. In all up to 500,000 soldiers and officers were at the disposal of the Shah's generals and American military advisers.

The Imperial Guards--the most privileged arm in Iran--were made up of 15,000 men. Whereas the army generals were well off, the senior officers of the Guards lived even better. Mohammad Reza Pahlavi spoke with particular delight about the "Javidans"--the brigade of "immortals." It had at its disposal ultramodern American arms, English tanks, heavy helicopters and American missiles. The Guards guarded the Shah's palaces and watched the highest generals and the entire army officer corps. As with all professional soldiers, the United States was the idol of the "Javidans."

The Shah presumed that the special status in society, which he guaranteed to the Iranian soldiers, was the best means of consolidating the monarchy in Iran.

The saturation of the army and the Imperial Guards with arms and advisers from the United States was conducive to the rapid development of Iranian militarism, which was terrifying in its social basis and antinational in essence. It became the most important component of the neocomprador establishment, which the Americans forced upon this country.

Iranian militarism cost the people of the country unusually dearly. The Shah devoted to the military more than 40 percent of the state budget. Imagine with what ease the money belonging to the Iranian people was spent by soldiers in Americanized uniforms. In Iran there were 1,300 generals. This was at the very time when agriculture was literally wilting, while the

economy of the country needed a modern infrastructure. Instead of surfaced roads or communications departments newer and newer military garrisons appeared in the provinces of Iran, besides in the capital. Stationed behind high fences, the units of the army and the Guards were pitted against their own people. Martial-Law Governor of Tehran General Mehdi Rahimi, who was one of the first to be shot after the triumph of the revolution, said: "We would be better off to leave in the capital some 200 residents who support the Shah than to let the communists establish power in Iran!" All the cruelty of the overthrown regime is reflected in these cynical words of the Shah's general.

In the early 1960's the American friends of the Shah gave him an incentive for a "white revolution." The people, who dealt with the formulation of American policy both in Washington and in Tehran--professional diplomats, economists, sociologists--presumed that the "modernization" of Iran, as they called the Shah's reforms, would be the most reliable guarantee of the subordination of this country to the United States. The gist of the matter reduced to the creation of reliable conditions for keeping the Iranian economy and, hence, the ruling elite in the service of U.S. interests in the Near East. It was intended that with time the anti-Sovietism of the Shah and his policy would begin to increase, in spite of the commitments made by him "to be restrained." The United States was impatient to create on our southern borders a permanent center of political and military pressure, in order to use it in its global and regional interests. The "Iranian doctrine" of Washington boiled down to this.

After returning from Iran in March 1979 I attempted to find some American documentary evidence of the policy of the U.S. administration with respect to the Shah and his regime. What a surprise it was for me when I was unable to find literally anything on this score in the memoirs of former President R. Nixon, who is considered the creator of the "Iranian doctrine," in books on H. Kissinger, the Secretary of State under two presidents--R. Nixon and G. Ford, in the statements of H. Kissinger himself or in the foreign policy documents, which passed through his hands and were made public. An opinion about Mohammad Reza Pahlavi, which, in my opinion, merits attention, is contained only in the recently published memoirs of H. Kissinger. Here it is:

"History is written by the victors. The Shah is not particularly popular today. You would greatly risk your reputation by opposing the chorus of shouters who are speaking out against the leader whom eight U.S. presidents, who belong to both parties, proclaimed--and justly so--a friend of our country and the bastion of stability in a very stormy region of the world....

"The Shah was, in spite of any distorting myths, a true reformer. He was progressive in everything that concerned his attempt to industrialize his country. One of the real reasons for the catastrophe which befell him was the fact that he modernized Iran too rapidly, without adapting his political institutions appropriately and effectively to the economic and social

changes which occurred in the country during the implementation of his policy."

In the quoted note of H. Kissinger there are assumptions about which I would like to note that they do not correspond in the least to the actual state of affairs in prerevolutionary Iran. The reforms of the Shah, including the land reform, like the notorious "modernization," from the very start were an integral part of his policy, which was dictated by the neocolonialist interests of the United States.

Anyone who has carefully followed the policy of the Shah and the United States will not object to the assertion that the actions of Mohammad Reza Pahlavi and the American administration are two sides of the same coin. The name of this coin is American neocolonialism. Precisely it gave rise in Iran to neocomprador capitalism with its antinational policy. The latter was advantageous both for the Shah and the Iranian neocompradors and for U.S. imperialist circles, which intended to use Iran for their own purposes at least until the end of the 20th century as a main base in the Near and Middle East.

Whereas under the conditions of the old colonialism the figure of the comprador, that is, the local buyer or capitalist commission agent, the banker commission agent, who served the needs of imperialist circles, was of not little importance in the colonial and dependent states, during the modern age of neocolonialism the situation has changed. The old comprador first grew weak and then ceased to exist. The national capitalists of the countries of Asia and Africa, who placed on the agenda the question of political independence and a change in the procedure of economic contact between the mother countries and the same dependent countries, arose on their bones. The British and French colonial empires collapsed, the entire world colonial system of imperialism sank into oblivion, new conditions arose. By the time the Shah returned to Tehran in August 1953, that is, before the start of the "American age" in Iran, the United States had few of "its own people" in the country. In the 1960's the efforts of Washington were aimed at the creation of a stratum of Iranian neocompradors who were ready to promote by all their activity the consolidation of the Shah's regime, but with the indispensable condition that his policy never come into conflict with the aspirations of Washington.

The "friends" from the United States encouraged the "business" inclinations of the Shah in every possible way. As a result Mohammad Reza Pahlavi, who took payment from anyone in Iran who wanted to engage in any activity in industry and trade, fantastically multiplied his personal wealth. In Tehran I was told that not only prominent businessmen, who had opened companies, but also the owners of shady establishments, including underground bars and brothels, remitted to the Shah amounts for his current accounts in Swiss and American banks. To say nothing about the incredibly rich commission agents who engaged in carving out contracts for the delivery of arms and military equipment. Anyone in Iran, who built a new hotel, a supermarket or a fashionable shop, was obligated to "share" with the monarch.

As a result the wealth of Mohammad Reza Pahlavi swelled to fantastic figures. Whereas in 1978 the personal fortune of the Shah was estimated at "only" $18 million, in late 1978, that is, on the eve of his flight from Iran, it was now estimated in the amount of many billions of dollars. The leaders of the Iranian revolution, who have emphasized in their statements that the overthrown Shah appropriated the people's money, that his wealth is the direct result of the robbery of the country, including its "black gold," are right. It was proven, in particular, that $2 billion "suddenly" disappeared from the funds of the Iranian National Oil Company. The tracks led to the notorious Pahlavi Foundation--a screen, under the cover of which the Shah engaged in predatory activity.

In Washington many people, among them the mentioned H. Kissinger, were thoroughly convinced that the integral merging of the personal interests of the former Iranian Shah with American interests, after his money ended up in American banks, was another guarantee that the United States could do with Iran as it saw fit.

What did the "reforms" of Mohammad Reza Pahlavi develop into?

Let me remind you that in the Iranian countryside for a quite generous redemption fee the landowners gave up a portion of their lands to the landless peasants. In both Iran and the United States they talked a lot at that time about the "disinterestedness" of the Shah, his "foresight" and so forth. In fact the picture was different. Only 10 percent of the peasants received allotments. However, they were never supplied with water, seed and implements to work the crops. As a result the new "landowners" were not able to work the received plots; the Shah's "reform" completely ruined them. They had to sell themselves into bondage to usurers and the same landowners and to seek new sources of existence. The peasant, to whom the Shah did a "great favor," fled the countryside. And was forced to sell for a song the land he had just received. To whom? Once again to the landowners and the wealthy peasants. Yesterday's peasants crowded Tehran, Esfahan, Tabriz and other large cities. The construction and industrial boom, which had commenced, required cheap labor. The large cities received it, but at what a price! The Iranian countryside was left without workers, agricultural production began to languish, the production of the most important food products decreased sharply--in the part 10-15 years by at least half, if not more.

In Iran "modernization" of an unprecedented scale was picking up speed, American newspapers wrote. According to the claim of some western economists, Iran had been transformed into a developed capitalist state. But this was a lie. Indeed, hundreds of industrial enterprises had been built in Iran. But only at the level of assembly shops. In Tehran the streets were crowded with hundreds of thousands of cars. But all the most important subassemblies of the vehicles assembled in Iran came from the United States, England, France and other countries of Western Europe. During the years of rule of the Shah not one industrial enterprise for the production of means of production was built in the country. What are they needed for,

the Shah reasoned: if there are not enough machine tools, they can be bought abroad.

The harsh reality was that along with imported foodstuffs, machine tools and machinery the inflation, which was raging in the United States and Western Europe, was imported to Iran. Being suited for the plundering of the wealth of the country by the largest multinational American and West European monopolies and banks, Iran was subject to the destructive effect of all the defects of the capitalist system. Moreover, in connection with the importation of even small articles which are necessary in everyday life, it became unprofitable to produce locally the same small articles which the Iranians had produced themselves in the past.

Thus the "reforms" and "modernization," which were inspired by the Americans, struck first of all the workers, and at the same time the middle social strata.

The fact that as a result of the economic policy of the former Shah parasitic capitalism and capitalist parasites emerged in the country, was a truly catastrophic phenomenon for Iran. They fiercely carved out contracts and agreements, which were profitable for American and West European firms, amassing enormous amounts of money from this. At the same time they began to carve out a large number of projects, which were brought about by the ambitions for prestige of the same Shah who had promised to raise Iran in a very short time to the level of Sweden and the FRG. For this a vast amount of industrial equipment was purchased, although there were no engineers, technicians and skilled workers locally. Just as, incidentally, there were no modern ports, a system of surfaced roads and a communications system. From Tehran one can easily place a telephone call to Chicago, but not to Meshed or another large city within the country.

Reasonable economists both in Iran and abroad warned that this "modernization" was a "forgery," an ersatz reform. But the Americans, whose efforts boiled down to not having processes begin in Iran, which could threaten U.S. interests, were not in the mood for sober assessments of what had happened.

The metallurgical combine in Esfahan and the machine tool plant in Arak, which were built with aid and technical assistance from the Soviet Union, were an exception. Some people among those surrounding the Shah even proposed to curtail Iranian-Soviet cooperation as soon as possible, since it was unprofitable! For it did not yield the commissions on which the parasites, who swarmed around various American and West European companies and firms, lived.

It is noteworthy that the parasitizing Iranian bourgeoisie, while thriving on robbing the people and obtaining incredible profits from their own transactions, did not invest capital in the economy of their own country, but transferred abroad the money which was earned unscrupulously. The fate of the Iranian economy made no different at all to them, which

especially suited the Americans, who vigorously encouraged the investments of Iranian businessmen in U.S. securities and enterprises.

These businessmen did not give a damn for Iran and its people. Their intentions reduced to building a villa in Northern Tehran and a country house on the Caspian shore, to acquiring a Mercedes or a Cadillac, to living and enjoying themselves just like their partners from the United States and Western Europe. But none of them ever took a look a Southern Tehran, where the poor lived, but the very appearance of the enormous urban region spoke of the perpetual poverty of its inhabitants.

The Iranian monarch and his friends from the United States were thoroughly convinced that along with the army the ramified security service would serve as the most reliable buttress of the regime. I would not be exaggerating if I said that any observer of what is happening in the Middle East knows its shortened name--SAVAK. For all Iranians without exception this word carried the breath of the tomb-like dampness of prison cells, tortures in dungeons and secret apartments, indispensable shadowing at public places, the opening and inspection of letters, listening in on telephone conversations, the persecution of dissidents throughout the country and even when they were able to escape abroad. The Americans helped to set up the Shah's security service. The United States stood by its cradle. The struggle against the Iranian people was the all-consuming idea of SAVAK. The Shah's security service was anti-people and antinational in all its manifestations. SAVAK served the Shah, and to a great extent the Americans, who willingly used its services, which was also one of the distinctive traits of the regime which existed in Iran after August 1953.

Suffice it to recall what has happened in Iran during the past quarter of a century, how much becomes clear without further elaborations. The signing of the "mutual defense" treaty with the United States took place six years after the Shah returned to Tehran. A year before that, on the advice of the Americans, Mohammad Reza Pahlavi signed a ukase on the creation of SAVAK. The terrifying service was given different names--the secret police department, the secret political police, the torture chamber. But perhaps the term "the Shah's gestapo" was the most accurate.

How do you give an idea of the violence of the SAVAK executioners? I will cite one figure from the pages of the Iranian press: in the 20 years which have passed since the creation of SAVAK, not less than 380,000 people have been hung, shot, buried alive and tortured in the prisons! I heard this figure more than once in Tehran from Iranians of the most diverse social and official status. Foreign diplomats who had served in Iran also cited it to me. They all agreed that this figure was more or less correct. Frankly speaking, at first it was hard to believe it. After visiting just such a terrifying prison as the Evin prison was under the Shah, you begin to wonder whether it was not understated. A precise figure of the victims has not yet been given.

With the assistance of SAVAK the Shah and the Americans aimed their main blow against the Iranian democrats, particularly all the leftist and national forces of the country.

The anti-Shah bourgeois and clerical opposition also did not avoid a tragic fate. Beginning with the supporters of Mossadegh and his National Front and ending with the archconservative organizations and groups, on whose part the Shah at times heard words of criticism for the fact that the monarch had concentrated too much power in his own hands and did not want to share it with the conservatives. No, they were not opponents of the monarchy, shakers of the foundations, Allah forbid! But it seemed to them that the incautious orientation of Iran toward the United States and the appearance in the country of an enormous number of American advisers would lead to a catastrophe.

Resistance grew slowly, but steadily among the people. But then the resistance and the discontent, which burst out, caused an increase of the brutalities. Iran was in a vicious circle.

The anger of the broad masses had accumulated over the years and turned into a storm against those who directed the antinational, anti-Iranian policy. But the Shah, his American protectors and the Iranian neocompradors, looking around at the army and SAVAK, were thoroughly convinced that fear was a reliable bridle for the anti-Shah, anti-American opposition. So it continued, until in early 1979 all the Iranian people were roused to the struggle. The struggle turned its spearhead against the two-in-one enemy--the Shah with his accomplices and American imperialism.

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EARLY START OF THE ELECTION CAMPAIGN

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/Article by V. A. Saval'yev/

/Text/ The election campaign in the United States of America began this time earlier than ever before. The very first candidate officially declared his intention to campaign for election to the presidency more than two years before the election. This was Republican Congressman P. Crane. On his campaign buttons along with the inscription "Crane for President" the addition "The Early Bird..." stood out vividly.

In November 1980, in addition to the president, the entire body of the House of Representatives, 34 Senators, the governors of 13 states and the members of the legislatures of a number of states are also running for reelection.

By mid-1979 68 candidates for president, including politicians of the most different caliber, had already been recognized by the U.S. Federal Election Commission as people able to seek nomination. They included 26 Republicans, 15 Democrats, 2 Libertarians, 1 labor union representative and 24 independents (or supporters of minor parties).

Although the best known political "heavyweights" (President J. Carter, Senators E. Kennedy and H. Baker, former governor R. Reagan) were in no hurry with official statements on their intention to campaign for the seat in the White House, now the election campaign has already achieved a certain tension.

What are the features of the current election campaign? If we take its foreign policy aspect, here the sharp struggle between the advocates of positive progress in international relations and the supporters of the Cold War first of all attracts attention. The subsequent domestic and foreign policy line of the United States will depend to a considerable extent on the distribution of forces in this struggle. It is also important that the traditional political maneuvers of the potential presidential candidates have already begun, and under present conditions this also seriously affects questions of foreign policy.

American experts draw attention to the fact that during the election campaign the use of the "fear factor" can serve as a very effective instrument for achieving success; appealing to the emotions of the voters, who are frightened by the increase of economic difficulties and the rapid development of events on the international arena in a direction unfavorable for Washington, the "strong" candidates count on attracting voters to their side by promising "to find a way out of the tunnel." Some of the candidates clearly intend even to intensify the atmosphere of fear by resorting, in particular, to reliance on the exaggeration of the myth of a "Soviet threat." Obviously, the lessons of the recent past, that is, the 1976 election campaign, have done no good. At that time a significant role in the defeat of Republican G. Ford was played by his inconsistency in matters of foreign policy. Under the pressure of the right wing of his party G. Ford sacrificed to election rhetoric such serious achievements of the Republican administration as participation in the policy of detente and the signing of the Final Act of the Helsinki Conference. At that time Ford even rejected the term "detente," replacing it with the ambiguous formula "peace through strength"; he raised the U.S. defense budget to a record level, shelved the draft of a long-term agreement between the USSR and the United States on the further limitation of strategic offensive arms on the basis of the Vladivostok Agreement, which had been agreed on in general outline, and so forth. What of it? The "hardening" of the tone of G. Ford's election speeches, contrary to expectations, led not to victory, but defeat.

Today the obvious lack of realism is typical of the potential candidates of both the Democratic and the Republican parties.[1] Moreover, the conservative domestic policy of the present Democratic administration, which is very close to the traditional principles of the Republicans (the decrease of spending on social programs, the increase of the defense budget, priority attention to controlling inflation to the detriment of the combating of unemployment and so forth), is not enabling the latter to criticize in any serious way the domestic policy line of the Democrats. It is not by chance that some American commentators call J. Carter "a Democratic president who is pursuing the domestic policy of the Republicans." In this situation the Republicans are operating according to a principle which in the United States long ago had already become canonical for the election campaigns and is expressed by the formula "We Too" (in this case politicians claim that they will pursue the same policy, but considerably more effectively).

Thus, they note that their differences with the Democratic administration concern not the ways of solving the problems, but the "measures of resolve" necessary for this, their willingness to resort to more radical means. Former CIA Director G. Bush, who long ago announced his intention to campaign for the presidential nomination, in particular, stated that his anti-inflation program does not differ from the one "which Carter, in his own words, is pursuing." Another Republican candidate, J. Connally, emphasizing the desirability of a 5-percent reduction of federal spending and the passage of a constitutional amendment on a balanced government budget, adds that this "does not prevent me from applauding" the decision of J. Carter to increase defense spending.

The list of prominent politicians, who are potential presidential candidates from the Republican Party, back in 1979 came to more than 10--and is continuing to increase. Here (apart from those already mentioned) there are former governor of Texas J. Connally, who in May 1973 switched from the Democratic to the Republican Party, former governor of California R. Reagan and the current governors: J. Thompson of Illinois, R. Ray of Iowa and W. Milliken of Michigan, Senators R. Dole, H. Baker, C. Percy and R. Schweiker, Congressmen J. Anderson, J. Kemp and others. Nearly all of them (with the exception of such relatively liberal-thinking people as C. Percy or J. Anderson) to one extent or another are trying to amass political capital by the demonstration of their "hard line" with respect to the USSR, striving to outdo the policy of the Democratic administration on this level.

During the discussion of the SALT II Treaty Senate Republican Minority Leader H. Baker came out as an open opponent of it. He is comparatively little known by broad groups of voters, but in turn holds a position which makes him in essense figure number one in the official Republican hierarchy. H. Baker has acted for a long time now as a very jealous defender of the so-called "tying" of aspects of American-Soviet relations, which are of completely different levels. The advocates of "tying," in particular, would like the Soviet Union to refuse to support the national liberation movements and to agree to the interference of the U.S. Congress in its domestic affairs; then, they say, the United States will "also" show more good will, for example, with respect to the future limitation of strategic arms, trade with the USSR and others.

In spite of the abundance of candidates, who have already declared their willingness to stand for election to the presidency from the Republican Party, the question, who will be officially nominated by the party as the Republican candidate, has still far from been resolved. It is expected that in the near future a number of other figures will enter the race.

The situation of the Democratic Party during the election campaign and correspondingly of its possible presidential candidates is more advantageous as compared with the Republicans. First of all the commanding heights in the White House and on Capitol Hill and in the legislatures of the majority of states and the majority of governorships belong to them. As the recent 1978 off-year election showed, the Democratic Party enjoys the support of the majority of the voting electorate (57 percent as against 43 percent of the votes cast for Republicans in the elections for the U.S. House of Representatives). And the primary support of Democrats by the representatives of various minorities is especially noticeable: for example, 83 percent of the black Americans, 66 percent of the Catholics, 62 percent of the young people 18-29 years old and so forth voted for them. Public opinion polls also attest that the majority of voters prefer the Democrats. All this, however, does not automatically bring victories in the elections. Moreover, the position of the Democratic Party is being complicated as a result of the recently noted erosion of the bases of the two-party system: the increase of the proportion of "independent" voters is continuing, the mass

coalitional base of the Democrats, which was formed back in the 1930's (ethnic minorities, union members, poor Americans and so on), is showing threatening signs of cracking. The combination of the economic slump with a high level of inflation is undermining the faith in the ability of the Democratic Party to deal with the difficulties which have arisen. The years of government by the Democrats and their unfulfilled promises have given rise to disenchantment among the voters.

The organizational reforms in the Democratic Party, just as some new U.S. laws, which were adopted or passed in recent years, are imparting a certain novelty to the election struggle. This concerns primarily the increased role of the primary elections in determining the choice of the party, who then enters the campaign for the White House. In 1968 Vice President H. Humphrey was nominated the Democratic presidential candidate after a four-month "sprint" campaign, during which he did not take part in the most important primaries; at that time the support of the party leadership and the willingness of the monopolies and other "donors" to immediately make large financial contributions to the Democratic election fund decided the outcome of the matter. Today such "sprints" have been complicated as a result of the increased importance of the primaries, the imposition of limits on "individual contributions" to election funds and the passage of a law (after the Watergate scandal) on government financing of presidential election campaigns.

Hence the unusually early start of the election campaign. In practice the election committees for the presidential nomination of the three main candidates among the Democrats--President J. Carter, Senator E. Kennedy and Governor E. Brown--have been at work since early 1979, although each of them put off the announcement of their decision to campaign for the presidential nomination until a later date than the other candidates: E. Kennedy and E. Brown official declared this in November, while J. Carter did in December. Nevertheless, long before this the collection of money in the election funds was already under way, trips were made through the country clearly for campaign purposes, advertising manipulations were stepped up for the purpose of creating an attractive political and moral "image" of the corresponding figure.

Among the Democrats the party leader--President J. Carter--is now considered candidate number one. Political influence, the support of party functionaries and the extensive coverage of his activity by the mass media, that is, constant free advertising, are at his service. However, the President's positions are not considered strong enough even among his party colleagues.

The speech of U.S. President J. Carter on American television on 4 January had an obvious campaign hue. It roused the passions of those circles in the United States, which for a long time did not like the policy of detente. It was reminiscent not of a speech of the person holding the highest government position in the United States, but first of all of a candidate for this post, who was speaking in the next round of the election struggle.

American commentators attribute to the things which are relatively advantageous for J. Carter the fact that he inspires the respect of the center of the political spectrum, as well as his moral and ethical aims, which are being extensively promoted. The notions about their "spotlessness," however, have been shaken somewhat by a number of scandals in Washington, beginning with the case of B. Lance (a banker from Georgia, who was nominated by Carter to a high government position, which he had to leave as a result of accusations of financial machinations, which he undertook earlier) and ending with the recent press reports about the use of narcotics by one or two White House staff members, the responsibility for whose selection rests personally on the President.

Not so much the assets as the weaknesses of J. Carter, especially the consequences of the economic policy of his administration (the aggravation of inflation, the threat of a recession, unemployment, difficulties in the field of energy, the decrease of appropriations for social needs), are being discussed considerably more extensively in the United States. Although these problems are of a nature which is normal for capitalist society, the rivals of J. Carter willingly throw namely on him personally the responsibility for the irresolution of these problems. In the summer of 1979 H. Jordan, assistant to the president for political affairs, admitted in one interview that the results of the election would depend on such problems as inflation, energy, SALT and so on. "If we do not achieve success here, we will be in very bad shape," he noted.

But the problems remain so acute that, in the opinion of many people in the United States, the popularity of J. Carter as the leader of the government is being greatly undermined. According to the data of a Septmeber public opinion poll conducted by Yankelovich, J. Carter as a political leader was less popular than the main presidential candidates from both the Republican and the Democratic parties, although about 160 specialists were already working on the strategy and tactics of his election campaign.

The supporters of the President planned by 1 January 1980 to collect in the campaign fund up to $5 million, or twofold more than G. Ford had four years ago (by September they had collected $2.1 million). But, as American commentators note, there is the real danger that it will not be possible to collect sufficient funds to wage an active campaign; for example, there is being noticed a sharp decline of "donations" from the Jewish community (for the Democrats they usually constitute 60-70 percent of all the "visible" receipts), which is suspicious about the maneuvers of the administration in Near East policy, as well as from the oil trusts, which have displayed discontent with the resignation of J. Schlesinger from the position of energy secretary.

For the present it is not clear, whom the most influential groups in the ruling circles will support (let us recall that at one time they "wrote off" R. Nixon without hesitation as a politician), but both the financing of the election campaign and its results will depend to a decisive extent precisely on them.

The position of Senator E. Kennedy at this moment is considered very strong. The considerable decline of the prestige of J. Carter among the voters and the fear over the outcome of the election among Congress members from the Democratic Party, as well as among party functionaries are promoting an increase of the reliance on the senator as the more popular and "stronger" politician.

E. Kennedy has the reputation of a liberal. His position in the voting in the Senate is approved by 95 percent (according to the used system of "ratings") by the bourgeois-liberal organization Americans for Democratic Action, while conservative organizations condemn it by the same proportion. Thus, the senator from Massachusetts voted for the passage of the Humphrey-Hawkins bill on employment and for the revision of labor legislation, he opposed the decontrol of natural gas, which is suitable to the petroleum monopolies, he has supported for a long time the reform of the health care system. The senator voted against the repeal of economic sanctions against Rhodesia and against the sale of fighters worth a total of $4.5 billion to Saudi Arabia, Egypt and Israel (in the latter matter contrary to the position of the administration). He also supported the Panama Canal treaties and is known as one of the most active supporters of limiting the increase of defense spending. The senator has quite consistently supported the complete ban of nuclear tests and has vigorously supported the SALT II Treaty.

Among E. Kennedy's drawbacks are certain incidents which have a bearing on his personal life, which is persistently being brought to light by the press, and his "extreme liberalism." As to the latter, the senator is already making adjustments, gradually shifting "to the right"--closer to the center. He states in his interviews that he would not boost the current federal budget, but would spend the money differently, less for defense programs and more for social programs; in particular, he would remove from the budget for the current fiscal year the appropriations for a new aircraft carrier and MX missiles. As before he defends his project of a federal health insurance plan, but has outlined a decrease of its cost from $200 billion to $30 billion a year and has proposed to involve private insurance companies in it. On the one hand, E. Kennedy advocates the reduction of tax rates for some categories of workers, on the other, he is promising the monopolies to stimulate investments by reducing the corporate tax and introducing new credits for the expansion of production; he is willing to lessen the role of the Federal Government in the regulation of air and motor transport. The senator prefers not to bind himself with exclusive reliance on the traditionally liberal (according to American concepts) forces--the labor unions, the academic intelligentsia, black Americans, thereby counting on attracting to his side other strata of voters as well.

As is believed in the United States, California Governor Edmund (Jerry) Brown has a chance to be nominated by the Democratic Party. He promises to devote more attention to the problems of inflation and unemployment and to the economic situation of the country as a whole and criticizes J. Carter's Administration for "wasteful defense spending." He stated that "the Cuban crisis is an artificially blown-up political sensation, and nothing more;

in a year people will be amazed by why, strictly speaking, the clamor was raised." The governor is regarded with interest in pro-Israeli circles due to his categorical support of the separate Egyptian-Israeli deal and his opposition to any contacts with the Palestine Liberation Organization. However, as observers write, from the point of view of influential political circles in the United States E. Brown is too impulsive, "unpredictable," young and, what is the main thing, liberal.

Thus, for the present it is still far from clear who will be the official candidate for the U.S. presidency from each of the main bourgeois parties. Moreover, even the question of the election strategy of both parties has not yet been solved. All this attests to the complexity of the period through which the United States is living on the threshold of the 1980's.

The Communist Party of the United States announced the nomination of party General Secretary Gus Hall for the U.S. presidency in the 1980 election. The well-known black activist Angela Davis became the candidate of the communists for U.S. vice president. This decision was made at the plenum of the Central Committee of the Communist Party, which was held on 17-18 November. Speaking at the plenum, National Chairman of the Communist Party Henry Winston stated that "the questions of strengthening peace, of cardinal democratic reforms for the purpose of meeting the needs of the workers have been included as the main points of the election platform of the communists." The candidates will focus attention on the exposure of the new aggressive plans of the Pentagon and the analysis of the intensifying economic slump in the country.

U.S. communists have set as their goal to achieve the inclusion of the candidates nominated by them on the ballots of at least 30 states.

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WASHINGTON AND THE NINTH OAS SESSION

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/Article by Ye. V. Mityayeva/

/Text/ The results of the Ninth Session of the General Assembly of the Organization of American States (OAS), which was held in La Paz (Bolivia) in late October 1979, have been discussed in Latin America for several months. In all 26 countries of Latin America and the United States, which for a long time used the OAS as a tool of its policy in the region, took part in it. The session in La Paz developed into a confrontation of the majority of Latin American countries, on the one hand, and the United States, on the other. The inter-American forum once again showed that the times when the United States held the position of unquestionable supremacy on the continent had been left far behind. It is becoming more and more difficult for Washington to use the OAS as a tool of economic and political expansion in Latin America, it is no longer able to force this organization to automatically make decisions which are in accordance with its wishes.

It is possible not only to judge Washington's position in this organization, but also to tally some results of the Latin American policy of the Democratic administration from what questions were raised and what decisions were made at the Ninth OAS Session. Next year, 1980, the election campaign will be the main problem of the government, and it is hardly possible to anticipate new significant initiatives in the relations with the southern neighbors.

One of the results of Washington's policy in Latin America, as U.S. NEWS AND WORLD REPORT states on 1 October 1979, is that "the United States is losing its foothold, while other powers are making great economic and political gains in this region.... The United States has rarely aroused sympathy among the Latin American countries, but usually Latin America respects it. Now, apparently, this is not so. Only distrust, animosity and misunderstanding remain."

Three years ago the current administration proclaimed as the bases of its Latin American policy "the respect of the sovereignty of all states," "the

defense of human rights" and the aspiration to settle economic conflicts. However, during the years of its rule it has become clear that the official statements and the practical actions have far from coincided. The United States was criticized for this on the part of many Latin American states, including Mexico, Brazil and Argentina.

Since the holding of the preceding OAS session (June-July 1978) a number of important events have occurred in Latin America. The overthrow of the American henchman, dictator Somoza, in Nicaragua was the most significant of them. It is noteworthy that the Latin American countries this time categorically rejected U.S. attempts to intervene in Nicaragua under the OAS flag in order to halt the revolution. The struggle against dictatorships was also intensified in other countries. In El Salvador the ruling circles, in order to put down the wave of popular indignation, had to remove the military men from power, setting up a right-wing civilian government in their place. In Bolivia the reactionary military clique, having already seized power, was forced for the first time to retreat under the onslaught of the active resistance of the popular masses. The Conference of Non-Aligned Countries, which demonstrated the enormous increase of the international prestige of the Republic of Cuba, was held in Havana in September 1979.

All these events left a mark on the course of the OAS session in La Paz.

The question raised by Bolivia of granting it access to the Pacific Ocean held a prominent place at the session.[1] The American press, in striving to dampen the sharp conflicts between the United States and the Latin American countries, which have come to light in the OAS, attempted to present this issue very nearly as the central, "most controversial" problem of the conference in La Paz. In reality this was not so.

The problems of trade and economic relations between the United States and the countries of Latin America were the most pressing at the session. Contrary to the numerous promises of J. Carter's Administration the situation in this area has not improved. The access of Latin American goods to the U.S. market as before is limited, an agreement on the stabilization of prices for raw materials has not been reached; just as before, on the basis of a 1974 law, Venezuela and Ecuador are subject to discrimination in trade

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1. Bolivia lost its coastal lands 100 years ago: they were seized by Chile after the second Pacific Ocean war (1879-1884). At present, due to the need to transport its goods through foreign ports, the country loses more than 30 percent of all the revenues from exports. Wishing once again to gain access to the ocean, Bolivia earlier held talks with Chilean authorities on granting it a "corridor" leading to the coast, but they were without result. Therefore in his speech at La Paz then Bolivian President W. Guevara proposed to examine this problem on a multilateral basis, counting on OAS assistance. At a special meeting 25 member countries of the organization expressed support of Bolivia on this issue.

for membership in OPEC. The session demonstrated the further aggravation of the differences between the United States and the countries of Latin America. In spite of the fact that President J. Carter at the preceding session of the OAS General Assembly declared his resolve "to combat protectionism" and to promote an increase of the trade volume of the states of the continent, the United States continued to create new obstacles to the increase of exports of the Latin American countries. On the first day of the ninth session Bolivia made a protest against the next such action of the United States--its intention to release on the world market 35,000 tons of tin from its strategic reserves, which would lead to a decline of the prices for this metal. This step of Washington did enormous harm to Bolivia, which is almost entirely dependent on the exports of tin.

The U.S. delegation was not able to make any constructive proposals on solving all these problems, which are pressing for the countries of Latin America.

In his speech U.S. Secretary of State C. Vance was not able to evade such a sore issue as the economic and social development of the countries of the continent. Since the moment the Democratic administration came into power Latin America expected that the United States would make concrete proposals in this area. And this time the high-ranking representative of Washington limited himself to the declaration that the problems of social development are "of primary importance and it is necessary to elaborate this issue." An increase of economic aid, however, was not promised. C. Vance in fact reaffirm the general principle of the policy of his government--not to take an active part in the economic and social development of the continent.

The theme of "the defense of human rights" held a significant place at the Ninth OAS Session. U.S. policy in this area with respect to the Latin American region was greatly compromised during the years that J. Carter's Administration has been in power. The events of 1978-1979 in Nicaragua showed especially vividly that the United States is by no means in a hurry to take the side of the fighters for democracy, supporting right-wing dictatorships until the last moment, if the opposition forces seem "too leftist" to it. In El Slavador the dictatorial regime, which was rotten to the core and was no longer able to hold power, was--clearly not without the assistance of Americans--promptly replaced by a new right-wing government, the main goal of which is to avert the gathering revolutionary outburst. The U.S. Secretary of State explained that Washington considered it "extremely necessary" to accomplish moderate transformations by peaceful means, since "tension and injustice" in the countries of the continent could lead to complications. Thereby C. Vance in fact revealed the main goal of the policy in "the defense of human rights" in its Latin American version: to convince the right-wing dictatorships of the need to surround themselves with the external attributes of bourgeois democracy, in order not to allow truly democratic, anti-imperialist forces to gain power.

The genuine attitude of the United States toward the principle of "the respect of sovereignty" of the countries of Latin America, which the current

administration proclaimed the "basis" of its regional policy, was demonstrated at the OAS session. C. Vance used his speech to the OAS for anti-Cuban attacks. The question of the "Soviet military presence" in Cuba, which was boosted by U.S. propaganda, served as a pretext. The representative of the American Administration told of some "specific actions" undertaken by the United States--thus he characterized the sharp increase of the U.S. military presence in the Caribbean basin. C. Vance appealed for "an increase of vigilance" with respect to "the threat of interference" on the part of "foreign powers" in the region.

The open demonstration of military force in the Caribbean basin--the creation of a "Caribbean task force headquarters" for the "rapid reaction" to events not in accordance with the wishes of the United States, the holding of military maneuvers in this region (including at Guantanamo Naval Base)--clearly contradicted the principle proclaimed by Washington of the respect of the sovereignty and the noninterference in the affairs of other states.

The speech of Venezuelan Minister of Foreign Affairs J. A. Zambrano Velasco reflected the position of the countries of Latin America on this issue. He stated that "the United States reacted to the presence of Soviet servicemen in Cuba with an excessive demonstration of force," as well as sharply condemned the military exercises at Guantanamo Naval Base. As THE WASHINGTON POST emphasized, the speech of the representative of Venezuela was greeted with a "protracted ovation," while the speech of the U.S. Secretary of State evoked "only polite applause."

This was not the first attempt of J. Carter's Administration to use the OAS for putting pressure on Cuba. At the preceding, eighth session the United States attempted unsuccessfully to achieve from the Latin American countries "the condemnation of the role of Cuba in Africa." At that time Washington had to withdraw its own proposal, since only a few of the most reactionary regimes were ready to support it.

At La Paz Latin America also did not fall under the thumb of the United States. The countries of the continent did not want, in the words of then Bolivian President W. Guevara Arce, to remain on the ideological and political level "mere hirelings" of the developed states, they stood up for their right "to maintain ties with one country or another exclusively in their own interests." Having sounded out the situation, the U.S. representatives understood that their idea to "condemn" Cuba on behalf of the OAS would not be approved by the majority of members of the organization, and renounced this plan.

As usual, the problems of the functioning of the Organization of American States itself were raised at the session. It was criticized long ago for ineffectiveness and for endless unproductive debates. A number of member countries proposed to make changes in the OAS Charter. This question was discussed especially extensively at the seventh session, which was held in Grenada in 1977. In trying to achieve greater equality, the Latin American governments supported the creation of a permanent council of the

organization. The United States insisted on the strengthening of the general secretariat, in which it counted on maintaining a predominant influence. Some states of Latin America propose to insert in the OAS Charter a clause on "collective economic security," which Washington categorically opposed.

At La Paz C. Vance stated that the primary goal of the Ninth OAS Session was "to revive and redefine" the role and functions of the organization. At the same time he reaffirmed Washington's intentions to reduce the amount of the financial payment to the OAS, calling this "a more uniform distribution of expenses."

The representatives of Latin America called for the radical reorganization of the OAS, so that it would deal with the vital problems of the continent, that is, questions of economic and social development. At the ninth session a number of Latin American countries questioned the validity of the very participation of the United States in the OAS. Thus, Zambrano Velasco named as the most important cause of the ineffectiveness of the organization the fact that such different regions as Latin America and the United States belonged to it. Nicaraguan representative Miguel D'Escoto spoke out even more sharply. He said that the presence of the United States in the OAS was illogical, since it is necessary for the Latin American states "to protect their own interests from this northern neighbor."

The conflicts between the United States and its southern neighbors were reflected in the final document adopted by the session participants--the La Paz Declaration. Its draft was submitted by the countries of the Andes group, which are actively striving to free themselves from the domination of U.S. imperialism in all areas. In characterizing this document it should first of all be noted that the intention of the countries of the continent to review inter-American relations in the interests of Latin America is reflected in it.

The declaration calls for the strict observance of the principle of the noninterference of some states in the domestic affairs of others and condemns the practice of taking restrictive steps which do harm to the trade of the developing countries (it is quite obvious that first of all this clause is directed toward the United States).

The La Paz Declaration vividly attests to the desire of the majority of states of the Western Hemisphere to carry out the reform of the OAS and to transform this organization into an effective organ of the protection of their genuine interests.

On the whole the course and results of the Ninth Session of the OAS General Assembly clearly showed that the current administration has not been able to resolve the basic conflicts which exist between the United States and its southern neighbors.

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DOLLAR INSTABILITY AND ITS CAUSES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 69-77

/Article by M. A. Portnoy/

/Text/ During the final months of last year the United States again became the epicenter of the currency upheavals and economic difficulties of the West. The process of the depreciation of the dollar, which was transformed long ago into a chronic phenomenon, in combination with a number of other economic and political factors caused in September-October 1979 another panic on the currency markets, which was accompanied by an extraordinary increase of the demand and price for gold. One of the features of the recent assaults of the lack of confidence in the dollar consists in the fact that they came only a year after the U.S. Government introduced an extensive program to combat inflation and stabilize the dollar. Another feature is that these events developed under the conditions of an unstable economic situation and the appearance of signs of a new cyclical crisis in the United States, when the lack of confidence in its currency was intensified by a lack of confidence in its economy in general. Hence the enormous scale of the assault of the holders of depreciating currency assets on the gold markets.

The Exchange and Economic Situation During the Second Half of the Year

In mid-1979 the U.S. economic situation worsened appreciably. This occurred against the background of the aggravation of its foreign economic problems and the increase of domestic political instability. The published official data attested to a decrease of the GNP of the United States, which is regarded as the main indicator of an economic crisis. The results, which were discomforting for the United States, of the Tokyo conference of the heads of state and government of the seven largest capitalist countries, at which all the most important aspects of Washington's economic policy were sharply criticized, were added to this. The unprecedented shakeup in the American Government, which began on 17 July and was regarded in broad international circles as a unique American form of a government crisis, crowned all this.

The reaction of the world exchange markets was not long in coming. On 18 July the rate of exchange of the dollar declined sharply, while the price of a troy ounce of gold (31.1 g) passed the $300 mark. The trading volume in gold was twice as high as the average volume. In striving at all costs to halt the further decline of the rate of exchange of the national currency, the American Government announced an increase of the discount rate of the Federal Reserve System to 10 percent--the highest level for those times.[1] But this step alone was insufficient.

As FORTUNE noted, "the mass resignation of 17 July and the appointment of W. Miller, former chairman of the Board of Governors of the FRS, as Secretary of the Treasury struck such a blow to the position of the dollar, that Carter urgently needed a chairman of the Board of Governors of the FRS, who could reassure currency speculators."[2] Such a person was found in Paul Volcker. In contrast to W. Miller, who showed himself to be a supporter of a liberal financial policy, P. Volcker was known as an advocate of a strict monetary policy and the limitation of the growth of the money supply. The decline of the rate of exchange of the dollar ceased immediately. A decision on a new increase of the discount rate of the FRS to 10.5 percent, and then to 11 percent was made in August. However, these hasty steps were not able to make a radical change in the situation, but were merely conducive to a brief lull.

Along with the decline of the GNP reports appeared on the acceleration of the rise of wholesale prices in September 1979 to 18.5 percent (on an annual basis). A rise in prices was also noted in other countries of the West, which had also undertaken an increase of discount rates and other steps to check credit. Thus, all the conditions for a new outburst of lack of confidence not only in the dollar, but also in a number of other capitalist currencies had matured. All the financial and commodity markets were feverish, but, as always at moments of upheavals, the main attention was riveted to the gold market. Its price exceeded the $400 level and at one moment reached $444--even quite recently these figures were considered unlikely.

The scale of the speculative panic was so great, while the threat stemming from it to exchange and economic stability was so obvious, that the leading financial figures of the United States and the FRG at a meeting in Hamburg in late September hastily agreed to a program of joint actions to support the dollar. The published statement noted an understanding on immediate financial intervention on a concerted basis in order to resist sharp fluctuations of the rates of exchange on the exchange markets, especially the rate of exchange of the dollar. The United States declared that it would pursue a "disciplined" budgetary and monetary policy, would keep the growth rate of prices within less than 10 percent and in the immediate future would achieve a balance of payments surplus on current transactions. It would maintain strict budgetary restraints and strict control over the increase of the money supply. Thus, in exchange for support of the dollar on the part of the FRG the United States was forced to assume quite rigid commitments.

In assessing the importance of this understanding, specialists pointed out the following differences of it from the preceding steps. /First/ /in boldface/, so far, while trying not to allow an excessively great decline of the rate of exchange of the dollar with respect to the West German mark, the central banks of the United States and the FRG confined themselves to steps in support of the dollar primarily on the markets of New York and Farnkfurt am Main. Now they intend to intervene in the development of events at all financial centers, since the world exchange markets have become much more sensitive and interconnected.

/Second/ /in boldface/, from November 1978 to September 1979 the United States sold in the FRG $4.2 billion worth of Carter Bonds. A plan to issue an additional amount of these securities as one of the means of supporting the dollar has now been worked out. It is a matter of special treasury notes in marks, which will be sold to private individuals and financial institutions of the FRG for dollars, but will be redeemed for marks with the payment of the discount rate.[3]

/Third/ /in boldface/, a fundamental understanding was reached on the possible increase of the amount of resources in marks, which are offered by the FRG to the United States within the framework of SWAP transactions.

However, all these steps were clearly insufficient to restore confidence in the dollar. Under the pressure of the participants in the regular session of the International Monetary Fund and the International Bank for Reconstruction and Development (early October) the United States was forced to prepare a new, broader program to save the dollar. The announced steps included an increase of the FRS discount rate to 12 percent, the establishment of a mandatory standard of reserve deposits at FRS member banks in the amount of 8 percent of their dollar receipts from foreign sources, first of all from the Eurodollar market; the revision of the standard of reserve coverage for time saving deposits and call deposits; finally, it was announced that the FRS would shift the stress in its actions to the /direct/ /in boldface/ reduction of the money supply.[4]

After this the U.S. Treasury announced a change in the procedure of its gold auctions, declaring that now, in contrast to previous practice, it would not hold them regularly each month and the amounts of the sale of gold would be different. The announcements of the auctions would be made only a few days before the planned date of holding them--according to the calculations of American financial organs, this should complicate the maneuvers of international gold speculators and thereby be conducive to the stabilization of the dollar. Since May 1979 750,000 troy ounces of the precious metal had been auctioned monthly in the United States. A treasury representative once again recalled that the goal of the auctions is to obtain dollar receipts for reducing the deficit of the U.S. balance of trade and to promote the gradual demonetization of gold. Thereby Washington confirmed its position with respect to gold, considering it a conventional, and not a money commodity, and its aspiration to deprive it of monetary functions.

The steps to support the dollar, which were undertaken in October 1979, to a certain extent copy the program of its stabilization, which was announced on 1 November 1978, and to some extent are its continuation and development.[5] The failure of that program and the repetition of the disorders with the dollar for a year since its adoption explain the skepticism with which the new measures were greeted.

Taken together, they were conducive to some reassurance of the exchange markets. The decline of the rate of exchange of the dollar was halted, and the price of gold dropped slightly. However, in late December the exchange rate of the dollar again decreased, while the price of gold exceeded $500 per ounce.

The events of the last months of 1979 once again showed that the stabilization of the dollar, the checking of inflation and the normalization of economic development are closely interconnected, being in essence only different aspects of the difficult problem of ensuring the stability of economic development. In the opinion of NEWSWEEK, "the explosion of gold prices reflected the increase of uneasiness with regard to the tangle of economic problems: runaway inflation, the lack of confidence in paper money as a result of it, the threat of a recession for the world economy and the real danger of a new increase of oil prices or the halt of its deliveries, or both at the same time.... We should ask ourselves," the weekly further writes, "whether we recognize the seriousness of this economic disease. The clouds of uncertainty are now much blacker than we could have imagined."[6]

In scientific literature, and in particular in SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, the deep-seated causes of the progressive weakness of the dollar have already been repeatedly elucidated. Briefly speaking, they are rooted in the further development of the general crisis of capitalism, the contradictions of the U.S. economy itself, as well as in the unevenness of the economic and political development of the capitalist countries and the changes in the alinement of their forces. The enormous and ever increasing expenditures of a military political nature and government stimulation of economic growth are leading to a large increase of the monetary sphere and are accelerating inflation, which is undermining the position of the dollar both in domestic circulation and in international payment transactic The efforts of the government to make economic growth safe have rema in- effective. It is necessary to sacrifice the stability of money for the at- tempts to increase the rate of economic development. In connection with the deficits of the U.S. trade balance and balance of payments a exportation of inflation is taking place--the displacement of depreciating dollars in international financial circluation, where they become the object of speculation and increase the instability of the capitalist currency and financial system.

As we see, the intricate interweaving of economic and exchange processes reflects the effect of an entire set of factors. Therefore, when analyzing the causes of the further depreciation of the dollar /at the present stage/ /in boldface/, it is difficult to single out any one cause, to which the

decisive role in the events of recent months would belong. The systematic examination of these causes and their mainfestations makes it possible to make the picture of these events clearer.

Inflation

Western economists and government figures consider inflation and the rise in prices to be the main problem of the American economy.

Thus, the growth rate of retail prices in the country for all of 1979 was expressed by double digits--on the average at the level of more than 13 percent (on an annual basis). This process has been transformed into an integral component of the American economic system. In the opinion of some specialists, it was inflation which supported the recovery and cyclical upswing of the economy after the 1973-1975 recession. However, its expansion again and again undermines the stability of economic development. This took the form, for example, of the sharp increase of consumer debt--one of the forms of "the escape from money." Faced with the prospect of the incessant increase of prices, consumers began to spend their dollars immediately, in order to avoid losses due to their depreciation, and to use credit more and more. The tendency to live on borrowed money assumed a dangerous scale for the economy. Alan Greenspan, former chairman of the President's Council of Economic Advisers, calculated that at the end of 1978 80 percent of the American families having debts spent on the average 35 percent of their income (after the withholding of taxes) on the covering of this debt and the payment of interest on it. When the growth rate of prices passed the 10-percent mark in 1979 consumers were forced to reduce spending and to increase savings, fearing an imminent recession and the possible loss of work. In turn under the conditions of accelerated inflation the corporations are trying to refrain from long-term capital investments, preferring to invest money in the financing of operations with a more rapid return and in financial speculations.

The unsuccessful attempts of the American Government to implement the anti-inflation program, which was announced in October 1978, are causing disenchantment and alarm in financial circles of the West. And this is not surprising. The 7-percent maximum annual increase in prices proposed by J. Carter in this program, in excess of which businessmen should not increase prices and labor unions should not demand an increase of wages, turned out rather to be violated by the corporations. In addition in June 1979 the Court of the District of Columbia, in which Washington is located, declared the actions of the government on implementing this program to be illegal. The U.S. Supreme Court reviewed this ruling, confirming the authority of the government. But at the same time the legislatures and other local authorities in a number of states significantly increased the salaries of their employees and the members of the legislative assemblies. The Congress did the same thing. Thus it again turned out that the administration's policy did not find firm support either in business or among a considerable portion of the government machinery.

The government programs to combat inflation did not yield the desired result. The federal budget deficit can serve as an indicator of the contradictoriness of the anti-inflation and financial policy. In 11 months of the 1978/79 fiscal year the federal budget deficit was $45 billion, while during the preceding fiscal year it was $48.8 billion. This trend is evoking strong doubts of American and international circles about the real feasibility of Carter's promise to achieve a balance of the federal budget by 1981.

The financing of budget deficits is carried out by further increasing the national debt. In October 1979 the U.S. Congress again increased the "ceiling" of this debt to $879 billion until 31 May 1980. This exceeds by $49 billion the former limit. The amount of the national debt in July 1979 was $807.5 billion. Its steady increase with the simultaneous increase of defense spending is more evidence of the unhealthy state of the American economy and finances.

The Sword of Damocles of the New Crisis

The progressive increase of prices in the United States, which is outdistancing the increase of prices in the countries which are the main exchange and trade partners of the United States, and the deficits of the American trade balance are one of the main factors of the decrease of the rate of exchange of the dollar on exchange markets, which is causing the disorganization of the already unstable capitalist currency and financial system and dissatisfaction in the business and political circles of Western Europe.

In this situation the U.S. Government in essence is counting on an economic slump as a means of combating inflation and the decline of the rate of exchange of the dollar on the currency exchanges. Government figures have openly stated that the slowing of economic growth is the price which it is necessary to pay in order to check inflation and to stabilize the dollar. Hopes have also been expressed that the decrease of the rate of economic growth will make it possible to reduce imports, while the cheapening of the dollar will make it possible to stimulate exports and in the end to improve the trade balance and the balance of payments.

Meanwhile this hackneyed plan long ago showed its unsuitability with reference to present conditions. The decline of the growth rate in the developed capitalist countries casts doubt on the possibility of expanding American exports, while the business decline in the United States is causing serious anxiety among its trade partners. Thus, many western experts believe that, despite the appreciable weakening of the role of the American economy as the main "motive force" of the economic development of the capitalist countries, a recession or depression in the United States, that is, in the most important of these countries, under the conditions of general economic instability could lead to a deep and protracted world economic crisis. The threat of "competitive slumps," in case of which the West European countries one after the other would begin to increase the discount rates in order to maintain the ratio to their currencies first of all with the FRG ma:.

which holds the relatively most stable position, is causing particular alarm among American economists. Such an increase of the discount rates and the increase of the cost of credit would slow economic growth and would check inflation in these countries, would stimulate the influx of foreign capital, the expansion of exports and the reduction of imports--the strengthening of the position of West European currencies would be the result. Like a chain reaction this would aggravate the position of the dollar and, in all probability, would force the FRG to agree to an even more restrictive policy to the detriment of its domestic economy.

Since the very beginning of 1979 the development of the American economy has proceeded under the omen of anticipation of a "recession," while during the second half of the year the onset of the new crisis become more realistic. True, literally on the eve of 1979 well-known American economist Paul Samuelson, citing the opinion of "the majority of American specialists," wrote that this would be "a year of a mild recession."[8] However, at that time it had already been noted that a short mild recession would not lead to the curbing of inflation, and the government, taking into account the election situation, no later than the end of 1979 will shift its efforts from the combating of inflation to the combating of a recession. Such assessments have been given by many experts.

The real events have developed close to this script. The currency panic and gold fever in September-October 1979 are largely explained by the fears of a deeper recession in the American economy after the decline of the GNP during the second quarter (according to the latest data, by 2.3 percent) became known. And the taking of restrictive steps to defend the dollar and to combat inflation in October 1979 gave specialists grounds to believe that the crisis would really developed in early 1980, which accords with earlier predictions. Here foreign financiers, taking into account the experience of the past, doubt that the American Government during the election campaign will consistently pursue an anti-inflation policy and thereby increase unemployment, although the interests of defending the dollar would require this.

Thus, the prospects of a new cyclical crisis act as another factor of the undermining of confidence both in the U.S. economy and in its monetary unit.

The Energy Factor

The dynamics of inflation, the exchange rate of the dollar and the general state of the U.S. economy to a great extent depend on the amounts of its oil imports and its relations with the OPEC countries.

As is known, at the Tokyo conference of the "big seven" J. Carter promised to achieve by 1986 a reduction of oil imports to 350 million tons a year by its stabilization at the current level (425 million tons) and its subsequent gradual reduction. Meanwhile, according to the data of the American press, in less than 10 years the cost of oil imports to the United States increased from $1 billion to more than $60 billion. It is believed that

by the late 1980's it will import even more--about 750 million tons. These pessimistic assessments of the specialists are connected, in particular, with the lack of progress in the area of saving energy. The practice of recent months attests that the President's commitments, which were made in Tokyo, are not being met. American economists believed that in 1979 it would be possible to reduce oil consumption by the country at best by 5 percent, that is, to decrease imports only negligibly. In reality, for example, during the first four months of last year the decrease of oil consumption in the United States as compared with the same period of the previous year was only 0.7 percent, while in Western Europe it was 3.3 percent and in Japan 2.5 percent.

The lack of appreciable progress in saving energy and reducing oil imports to a great extent is explained by the ineffectiveness of government policy in the area of energy. Without going here into the details of this issue, which has already been covered in our press, let us merely note the contradictoriness of the enery programs, the lack of their support on the part of Congress and the open opposition of a considerable share of big business. All this is leading western observers to the conclusion that these programs are probably doomed. But in turn it means that American oil imports will remain high and the capitalist world as before will be flooded with depreciating paper dollars both through this channel of inte national settlements and through others with all the ensuing consequences for this former "king of currencies."

Washington is attempting to shift onto OPEC all the blame not only for the energy difficulties, but also for its economic disorders in general. Immediately after the Tokyo conference, which was preceded by the next increase of oil prices, J. Carter stated that it "makes a recession more likely than ever before." He said that in the United States the increase of oil prices would cause by late 1980 the loss of 800,000 workplaces, a decrease of the anticipated rate of economic growth by 2.5 percentage points and an increase of the growth rate of prices by another 2-2.5 percentage points. Meanwhile, a number of authoritative American economists openly admit that the U.S. economy at any rate is moving toward a slowdown without an increase of oil prices. Summing up these views, BUSINESS WEEK noted that "the economic problems facing the Carter Administration cannot be solved by shifting the blam .o OPEC. The point is that so far Washington has proposed very few fresh ideas in the area of energy and the economy."

In turn the OPEC countries are accusing the United States of the fact that the depreciation of the dollar is reducing the real value of their receipts from oil exports. The threat of the OPEC countries to reject payments for oil in the American currency and to shift to a collective unit of payments, which is based on a "basket of currencies" (the Japanese yen, the West German mark, the Swiss franc and, perhaps, the British pound), became a significant factor of the undermining of international confidence in the dollar. After the exchange panic in September-October 1979 Saudi Arabian Minister of Petroleum and Mineral Resources Yamani announced a possible new increase of the price of oil in December to offset the losses from the decrease of

the rate of exchange of the dollar. In November the threat hanging over the United States that the OPEC countries would shift in payments for oil to a collective unit resounded even more distinctly in the decisions of the regular conference of the heads of state and government of the Arab countries in Tunis, while in early December Iran announced its refusal to use the dollar in settlements for its oil and its shift to other currencies.

The carrying out of this threat might deal a decisive blow to the position of the dollar on the world markets. At one time the sharp increase of oil prices led to an increase of the demand of the world markets for dollars and helped to halt the decline of the rate of exchange of this currency. Now, when the amount of foreign currency receipts of the OPEC countries is about $180 billion a year,[9] the exclusion of this amount from international settlements would make it practically superfluous, but this might lead to such a decline of the rate of exchange of the dollar, the limits of which are difficult to predict. At the same time in such a case the demand for other currencies on the part of the United States, which in order to pay for oil would require foreign currency in an amount equivalent to what it is now paying for oil, that is, more than $60 billion, would increase sharply. This prospect, as TIME notes, horrifies the financial centers of Western Europe. If the United States is forced to pay for oil in foreign currencies, their rates of exchange will increase inordinately, while the once mighty dollar will depreciate accordingly.

Financial experts believe that the main factor restraining the OPEC countries from carrying out their threat is the fate of their dollar holdings in the United States, which in this case are also depreciating. For some oil-producing states, and first of all Saudi Arabia, are continuing to place their "petrodollars" in the United States and other countries of the West. According to the data of THE NEW YORK TIMES, which are cited with reference to economic consultants from the Arab states, the total amount of "petrodollars," which have been invested in the United States primarily by Saudi Arabia, the United Arab Emirates, Kuwait and the former regime of the Shah, is approximately $72 billion, of which Saudi Arabia accounts for $40-45 billion. Such a situation cannot continue indefinitely. In the middle of November of last year Iran announced its decision to withdraw from American banks and their branches abroad all its official holding in the total amount of approximately $12 billion. Under these circumstances every OPEC announcement with respect to the price of oil or the fate of the dollar is becoming a signal for a new onslaught on the currency exchanges and the mass sale of American currency.

Deficits of the Trade Balance and the Balance of Payments

According to the design of American government figures, the decline of the rate of exchange of the dollar should have helped to improve the ratio of exchange payments and receipts in the United States. However, it is impossible to ignore oil imports, but with allowance made for them the balance of trade for 1979, according to the estimate, ran a deficit of about $30 billion. During 1976-1978 along the total deficit was $75 billion, but

with allowance made for the 1979 total it increased to more than $100 billion. It is obvious that a turning point of this trend cannot set in only as a result of the decline of the rate of exchange of the dollar. More earnest steps on reorganizing the structure of U.S. foreign trade are necessary, but they are also just unpracticable. "The increasing cost of oil is just part of the problem," U.S. NEWS AND WORLD REPORT wrote, "since Western Europe and Japan are still more dependent on fuel imports than the United States. More important is the fact, economists have concluded, that America is losing its leading positions in technology and is no longer able from year to year to reduce the production cost of products by a substantial increase of labor productivity. The gains in this area have helped other industrial countries, but not the United States, to offset the increase of the cost of fuel."[10] Thus, the problems of foreign trade are closely connected with the fundamental problems of the economy, without the solution of which radical changes in the state of foreign trade should not be expected.

American economic observers reckon that the economic crisis will lead to an increase of exports and a decrease of imports: the decline of demand in the country will limit its needs for imported products and will step up exports. They are trying to apply similar arguments also to the balance of payments as a whole. In 1978 its deficit on current transations was $14 billion. They presume that in connection with the slowing of the rate of development of the economy and the decline of the rate of exchange of the dollar the payments deficit in 1979 will be reduced to $4 billion.

According to the data of the monthly publications of the FRS Board of Governors, the average rate of exchange of the dollar in 1978 was 8.5 percent lower than the 1977 level with respect to the Franch franc, 12.8 percent with respect to the FRG mark, 22.2 percent with respect to the Japanese yen and 25.9 percent with respect to Swiss franc. During July 1979 the average rate of exchange of the dollar increased slightly only with respect to the yen (by 3.9 percent), while with respect to the other currencies it fell even lower: 5.8 percent with respect to the French franc, 8.8 percent with respect to the FRG mark and 7.4 percent with respect to the Swiss franc. These average indicators of the changes in the rate of exchange smooth over the daily fluctuations, which are of great importance for describing the status of the currency. But with reference to the analysis of the prospects of the balance of payments they give a picture of a steady decline of the rate of exchange, which is regarded in the United States as a means of at least a short-term improvement of the balance of payments, since the decline of the rate of exchange of the dollar as compared with other currencies, all else being equal, leads to an increase of the exports of goods from the United States.

Meanwhile it should be taken into account that the mechanism of the influence of the decline of the rate of exchange of the dollar on the trade balance and the balance of payments is not well-defined. The decline of the rate of exchange is advantageous to foreign trade: it stimulates the expansion of exports in connection with the decrease of the cost of nationally produced products on foreign markets and promotes the restriction of

imports owing to the increase of the cost of goods of foreign origin in the currency of the given country. That is why American industrial and trade firms, with the exception of those for which the proportion of import operations is high, are not interested in strengthening the position of the dollar. At the same time there is doubt about the possibilities of a considerable stepping up of the demand of the world markets for American goods under the conditions of a slack economic situation in the countries which are partners of the United States.

As to financial operations, here the opposite relationship is forming. The decline of the rate of exchange of the dollar is evoking among the holders of dollar assets the aspiration to get rid of them a little more rapidly and to shift to other currencies until the dollar has dropped even further. Here the mechanism of floating exchange rates is an inadequate obstacle to the mass transfers of capital, since the difference between the growth rates of prices in different countries is its motive force. That is why it is so hard for the Washington administration to halt the transfer of dollar assets to the FRG and other countries with a less rapid increase of prices and more stable currencies.

In short, the position of the dollar remains unstable, while the prospects of a steady improvement of the U.S. trade balance and balance of payments remain doubtful.

Eurodollar Market

One of the most important causes of the undermining of the positions of the dollar is connected with the deficit of the U.S. balance of payments. The meeting of this deficit takes place in the form of the increase of the short-term dollar indebtedness of the United States to foreign central banks and international financial organizations, for which it acts as their official currency reserves. According to the latest data, which for understandable reasons are not notable for accuracy, the estimates of the total amount of these reserves range from $250 billion to $300 billion. In the official circles of the countries which are partners of the United States the conviction was formed long ago that their central banks should gradually exchange a considerable portion of their reserves in dollars for West German marks, Swiss francs, yen and other more stable currencies. According to the testimony of Bank of England Governor Gordon Richardson, these transactions are already now being carried out on a considerable scale, and many countries have substantially reduced the dollar share of their reserves in favor of other currencies. In essence this is an admission that the /central/ /in boldface/ banks of the countries which are the partners of the United States, in striving to get rid of the dollar, by their transactions are promoting a decline of its rate of exchange.

But no matter what their intentions are, a much more serious threat to the dollar comes from /private/ /in boldface/ banks within the United States, which have financial assets in dollars, that is, from the Eurodollar market--a component of the Eurocurrency market. The size of this enormous

international private capital market, which western financiers have nicknamed the "xenocurrency" market, is, according to the latest estimates, about $1 trillion. This is a significant and as if independent financial force. It is believed that the size of this uncontrolled market increases annually by 25 percent, and although in recent years West German marks and other currencies have played a greater and greater role here, dollar holdings account for not less than 70 percent, that is, in the neighborhood of about $700 billion. It is clear that transfers of any appreciable portion of this amount strike a blow to the dollar and introduce additional elements of disorganization in the unstable currency system of capitalism. The uncontrolled operation of this market lessens the effectiveness of U.S. monetary policy, reducing the extent of its resistance to inflation.

In this sense the above-mentioned introduction of a mandatory standard of reserve deposits, which American banks receive from the Eurodollar market, is an attempt by the FRS to restrict banking operations with this market. However, such a step is inadequate for the establishment of practicable control over the Eurodollar market and will not have a decisive influence on it. The rapid swelling of the market of private short-term capital against the background of the unstable economic development of the capitalist countries and the newer and newer exchange and economic difficulties of the United States is strengthening the conviction of financiers that sooner or later a financial crisis might occur on this market owing to the inability of the United States to ensure the support of an adequate purchasing power of the dollars floating about outside it. Thus, the aspiration to turn dollar assets into other currencies remains an important factor of the undermining of the position of the dollar in the future.

Gold Against the Dollar

As in the past, the outbreak of lack of confidence in the dollar in September-October 1979 was accompanied by a new sharp increase in the demand and price for gold. In many ways it reflected the contradictoriness and instability both of the present situation and of the economic, political and social prospects of the world capitalist system. Gold purchases are regarded by the holders of dollar assets as a means of insuring them under the conditions of the acceleration of inflation and the decline of the purchasing power of money. An additional stimulus to the increase of the price of gold was given by the increase of the demand on the part of oil-producing countries, which are striving to turn their new dollar receipts into this and other valuable metals. In the opinion of Swiss bankers, apart from general inflation and the increase of oil prices, the rise in the price of gold has been caused by newer and newer economic difficulties of the United States, by government disorders in this country, as well as by the possible reduction of the deliveries of the precious metal to the gold markets during the current year with the simultaneous increase of industrial demand. Various speculative operations, especially of private holders in the United States, are also playing an important role.

A peculiarity of this market is that the supply of gold is restricted to well-known limits, while the demand persistently exceeds it. According to estimates, in 1979 the sales of the main supplier--South Africa--were maintained at the level of recent years, which is slightly lower than the previous level, and were approximately 710 tons. The volume of the monthly sale of gold at the auctions of the U.S. Treasury was 750,000 ounces, or 23.3 tons. The auctions to sell gold from the reserves of the International Monetary Fund, which are held in conformity with the Jamaica decisions of the IMF (1976) on international currency reform in the capitalist world, are an additional source of its regular deliveries here.

Since the volume of gold sales in practice remains unchanged, even a small increase of demand under the influence of the unstable economic and currency situation immediately pushes the price of the yellow metal upward. Here every new increase of its price is regarded as a sign of the intensification of the trouble in the economy and the currency system of capitalism. And this in turn causes a new increase of the demand for gold and so on. This mechanism displayed its operation especially sharply during the currency panic in September-October 1979. But, for example, the decision of the American Government on a new series of steps in support of the dollar had the result that the price of gold declined sharply (then it increased again).

In practice all the observers in the West are unanimous that the increase of the price of gold reflects the lack of confidence in the dollar. And the demonstrative statement of new Secretary of the Treasury W. Miller that, when calculated in current prices, the United States has in the government reserve gold worth $100 billion, did not reassure anyone, for the amount of the dollars circulating outside the United States exceeds this amount by 10-fold.

The survey of the present state of the dollar and the causes of the exchange shocks connected with it shows that the reasons for the further weakening of its position in the 1970's consist in the unhealthy nature of U.S. economic development and the instability of the capitalist currency system. It is not surprising that the speech of W. Miller at the mentioned session of the International Monetary Fund and the International Bank for Reconstruction and Development, at which he assured the participants of the forthcoming improvement of the U.S. balance of payments and the state of the dollar and the slowing of inflation, was greeted skeptically. Moreover, in the opinion of the delegates, the worsening of the economic situation, which will intensify the instability of the capitalist currency system, especially the American dollar, is inevitable.

Many western experts believe that at least until the elections in the United States and immediately after them it is hardly possible to count on a radical improvement of the position of the dollar, no matter what set of decisions on strengthening its rate of exchange is chosen by the American Government. As to the long-range future, the restriction of the role of the dollar in the international currency system[11] with the simultaneous

overflowing of the channels of international financial operations with this depreciating currency means the inevitability of the painful process of replacing it with more adequate means of exchange.

FOOTNOTES

1. The discount rate of the FRS is the interest paid by private (commercial) banks for credit at Federal Reserve banks. The increase of the rate limits the opportunities for commercial banks to expand their own credit operations and forces them to increase their interest on loans to private companies. Thus, the increase of the discount rate of the FRS is a quite strong restrictive measure of monetary policy.

2. FORTUNE, 10 September 1979, p 62.

3. Treasury bonds, which were written out in the currencies of the creditor countries, were issue for the first time in the United States in 1962. They guaranteed these countries against losses which might be the result of the depreciation of the dollar. These securities were called Roosa Bonds after the then U.S. Undersecretary of the Treasury, who commenced their use. In selling them for dollars, Washington is striving to withdraw from international circulation at least a portion of the excess dollars. In order to pay off these bonds the United States should have the corresponding amounts in foreign currency. Its shortage is covered by SWAP operations (mutual short-term credits of the countries of the West). In late October 1979 the U.S. Department of the Treasury announced that it was selling special treasury bonds (they are now called Carter Bonds) to the FRG in the amount of $2.2 billion or 4 billion marks.

4. TIME, 22 October 1979, pp 15, 16; THE ECONOMIST, 13 October 1979, p 73.

5. BIKI, 21 November 1978, p 8.

6. NEWSWEEK, 1 October 1979, p 42.

7. See, for example, No 8 for 1978--editorial note.

8. FINANCIAL TIMES, 30 December 1978.

9. TIME, 9 July 1979, p 9.

10. U.S. NEWS AND WORLD REPORT, 23 April 1979, p 45.

11. We are contemplating devoting a special article to this question in one of the next issues of the journal--editorial note.

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CSO: 1803

THE POWERS THAT BE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 78-90

/Second installment of Russian digest of chapters from the book "The Powers That Be: The Los Angeles Times" by David Halberstam, New York, Alfred A. Knopf, 1979/

/Not translated by JPRS/

CSO: 1803

NEW GENERATION OF ROBOTS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 91-103

/Article by A. S. Konson and V. I. Belodedov/

/Not translated by JPRS/

CSO: 1803

PROBLEMS OF LAND USE IN THE U.S.

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 104-112

/Article by S. P. Gorshkov and Yu. G. Yermakov/

/Not translated by JPRS/

CSO: 1803

BOOK REVIEWS

Soviet-American Relations

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 113-115

/Review by Yu. P. Babich of the book "Perceptions: Relations Between the United States and the Soviet Union," United States Senate, Committee on Foreign Relations, Washington, U.S. Government Printing Office, 1979, XV+462 pages/

/Text/ The publication under the aegis of the Senate Committee on Foreign Relations of the collection being reviewed was a kind of reflection of the ideological and political struggle taking place in the United States over the problems of Soviet-American relations.

The opinions of 79 American specialists on different aspects of Soviet-American relations are presented in the book. Each of the statements is in essence a response to the corresponding questions, which were prepared and sent out in the middle of 1978 by staff members of the Senate Committee on Foreign Relations. The collection is prefaced with the introductory article of former Senator John Sparkman, who from 1974 to 1979 held the position of committee chairman, as well as by short resumes of the opinions of the specialists on one aspect or another of Soviet-American relations, which were prepared by the committee staff members.

Political and public figures, scholars and representatives of U.S. business circles are among the authors of the collection. Often they hold different, at times directly opposite views. Along with supporters of detente and the further improvement of relations with the USSR outspoken apologists of the Cold War, supporters of the policy from "a position of strength," the further stepping up of the arms race and the increase of tension are also represented very extensively on the pages of the collection. The compilers of the collection, apparently, thereby took cognizance of "objectivity," although it is obvious that the political myths of the Cold War times are hardly capable of increasing the scientific and political potential of the book.

The materials of the collection are broken down into 15 sections. Not all of these sections, however, are equivalent. Some of them in general have a very remote bearing, in our opinion, on the theme in question. Such, for example, are the first three sections, which were written by a group of "Sovietologists," among whom are A. Katzenellenbogen, R. Kolkowitz, C. Black, D. Treadgold and A. Ulam. All of these sections are traditional constructions for "Sovietology" in the spirit of anticommunist and anti-Sovietism, which interpret extremely wrongly, and at times simply in a slanderous form both the nature of Soviet society and the sources of Soviet domestic and foreign policy, their content and purposes. Publications like this in essence call in question the very concept of detente in Soviet-American relations and are by no means conducive to the mutual understanding of the two countries.

The statements of those authors, who are genuinely worried by the prospects of interstate relations of the United States and the USSR, in spite of the anticommunist prejudices hanging over the authors, against this background are much more serious and significant--first of all from the point of view of the national interests of the United States itself. Still, they try to approach the problems of Soviet-American relations from realistic positions, from positions of common sense. Especially since, as former Senate Foreign Relations Committee Chairman John Sparkman states in his foreword to the collection, "in spite of the historical and ideological gulf, which separates our two countries, an obvious community of interests also exists between them. It can be expressed in one word--survival" (p VI). Hence, in Sparkman's opinion, also stems the historical need to shift from the confrontation to the cooperation of the two powers in solving existing problems--cooperation through negotiations. "This," Sparkman emphasizes, "is the only political choice which corresponds to common sense. And the American people should insist on it" (p VIII).

To illustrate the acuteness of the ideological-political struggle in the United States over questions of Soviet-American relations let us take if only one of the most important aspects of these relations--the curbing of the arms race, including strategic arms.

Some of the authors of the collection, such as, for example, Charles Tyroler, director of the well-known Committee on the Present Danger, openly oppose any talks whatsoever with the Soviet Union in this area. This is done under the cover of lofty phrases about the "aggressiveness" and "expansionism" of the USSR, which ostensibly "is striving to achieve strategic superiority" over the United States for the sake of establishing "a communist order" throughout the world (p 319). "There is no evidence," Tyroler states categorically, "that the SALT talks, the expanding economic and cultural ties, the Helsinki understandings and all other manifestations of 'detente' have reduced these aspirations of the Soviet Union" (p 324).

This troubadour of the Cold War is echoed by Walt Rostow, who now holds the position of professor at the University of Texas (Austin) and draws from such "theoretical" premises the completely unequivocal practical conclusion

that the Washington administration should, he says, "...seek ways to correct the growing disproportions in arms between the Soviet Union and the West..." (p 449).

Although such rehashes of the old myth about the notorious "Soviet threat" do suit certain, very influential circles in the United States, they are, mildly speaking, far from reality. And some authors of the book indicate this fact with all certainty.

"Our policy," Karl (Marsy), one of the executives of the American Committee on East-West Accord, for example, writes, "should be based not on myths, but on facts..." (p 311).

But University of California (Los Angeles) Professor Bernard Brodie states that he "sees no reason to regard Soviet policy as bearing a greater risk than American policy, which since the times of World War II has drawn us into open wars in Korea and Vietnam, as well as into direct intervention in other regions of the world" (p 327). As if exposing the fabrications about "Soviet aggressiveness" and "the expansionism of the Russians," Professor Brodie stresses that "...so far they have always been more restrained with respect to the /use/ /in boldface/ (stressed by the author--Yu. B.) of their military strength than we have been," that "...the Soviet Union is not about to be the initiator of a nuclear war with us with the use of strategic thermonuclear weapons," that "...even those Americans, who express the greatest apprehensions with regard to the aggressiveness of the Soviet Union, like the members of the Committee on the Present Danger, experience great difficulties when they are asked to specify in what this is manifested. They simply ascribe to the Russians organic and constant aggressiveness..." (p 329).

Wolfgang Panofsky, director of the Linear Accelerator Center at Stanford University in California, in turn directs attention to the importance of talks in the area of limiting the arms race, especially the nuclear arms race, both for Soviet-American relations and for the cause of universal peace. "The question can hardly arise," he states, "as to whether successful talks in the area of limiting the arms race are an integral component of the future security of our country" (p 358). Nevertheless, although the striking power of the United States, Panofsky writes, at present is already equivalent to 4 million tons of TNT (while the total power of the atomic bombs exploded at the end of World War II was no more than 15 kilotons), the nuclear arms race is continuing, and it is the United States, as was the case previously, which is acting as the initiator of the constant technological updating of the nuclear missile potential.

Many authors of the collection (among them, in particular, are Harvard University Professor George Kistiakowsky, Professor Herbert York from the University of California at San Diego, Doctor John Steinbruner of the Brookings Institution, Doctor Samuel Wells, Jr., an associate of the Wilson Center for the Study of Problems of International Security in Washington) stress the exceptionally great importance of the SALT talks. They indicate the

importance of the SALT II Treaty both for Soviet-American relations and for the intensification of the process of detente as a whole. They justly criticize those who, like Colin Gray of the Hudson Institute in the state of New York, are attempting to undermine the process of strategic arms limitation, asserting, in particular, that Soviet-American relations should not "be transformed into a hostage of strategic arms limitation" (p 345), or attempt to "tie" these talks with other problems which have no bearing on them. At the same time they express their confidence that the continuation of the strategic arms limitation talks should lead to a halt of the increase of the arsenals of nuclear missile weapons and should ensure their effective quantitative and qualitative limitation in the immediate future.

A no less fierce ideological and political struggle over other aspects of Soviet-American relations, such as, for example, the prospects of the development of trade, economic, cultural and other ties between the USSR and the United States, their policy in Europe and the role of the "China factor" in Soviet-American relations, is also traced in the collection.

The ideological and political struggle over the problems of the interrelations of the two great states inevitably leaves its mark on the formation and implementation of the practical policy of the United States with respect to the USSR. Not without reason does former Senate Foreign Relations Committee Chairman William Fulbright criticize U.S. ruling circles for "confusion and inconsistency," for "great vacillations in policy with respect to the Soviet Union," for the harm to the process of detente, which was caused by some actions of the current Washington administration (p 442). And Fulbright calls upon Washington to display greater responsibility in matters of Soviet-American relations.

In touching upon a wide range of problems of the relations with the USSR, the publication in question undoubtedly will draw the attention of the general public of the United States to them. The materials published in the book, despite all their ambiguity and contradictoriness, nevertheless convince us that the ideas of detente, peace and international cooperation have struck very deep roots in the United States and that a real alternative in the development of relations with the USSR under present conditions simply does not exist. And those who would like to radically change the course of events and return to the gloomy times of the Cold War are forced to take this fact into consideration.

Media and Business

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 115-117

/Review by N. A. Sakharov of the book "The Media and Business" edited by H. Simons and J. A. Califano, Jr., New York, Vintage Books, 1979, XXIV+229 pages/

/Text/ The book being reviewed is a collection of the materials of a conference of leading journalists, publishers and representatives of business

and political circles of the United States, which was held in Princeton in late 1977. The conference was held under the aegis of the Ford Foundation and a number of major American newspapers--THE NEW YORK TIMES, THE WASHINGTON POST, THE WALL STREET JOURNAL and others. The problems of covering the activity of American business in the press, on radio and television stations in the United States were the topic of discussion.

The verbatim reports of the discussion of three hypothetical situations, which are typical of the present entrepreneurial practice of American business, are included in the collection. They are the production by an unnamed pharmaceutical company of medicines, which have been approved by the Food and Drug Administration and do harm to the human body; the bribery by a military-industrial company of government officials of a foreign power for the purpose of selling to it a large consignment of arms, in which the U.S. Department of Defense is also interested; the machinations of a bank, which are connected with capital investments in housing construction, which were made with the assistance of local authorities.

Since we do not have the opportunity in a short review to cover all the statements of the conference participants and all the aspects of the interrelations of business and the mass media, let us dwell on the introduction, which is of a conceptual nature. It was written by managing editor of THE WASHINGTON POST H. Simons and former Secretary of Health, Education and Welfare J. Califano.

The authors of the introduction stress that at present many representatives of American monopoly capital constantly claim the "lack of responsibility," "the pursuit of sensationalism" and "the negative attitude" toward business when its activity is covered by the mass media. The publication of materials on the illegal actions of many banks and companies in the sphere of business undertakings, the corruption of government personnel by the monopolies, the pursuit by corporations of self-seeking interests are undermining the prestige and influence of American business. From such statements of a number of prominent monopolists H. Simons and J. Califano conclude that "the openly antagonistic relations between the two mighty and self-righteous institutions (between business and the mass media--N. S.)" are being aggravated more and more (p IX).

This is also the main conclusion of the statements of other authors of the collection being reviewed, who took part in the conference held in Princeton. It is characteristic of modern bourgeois journalism and of political and sociological thought in the United States in general. In using the terms "antagonism," "conflict," "confrontation" and so forth, the conference participants in essence focused on only one, alth ugh important aspect of the interrelations of the ruling class and the organs of the press, radio and television. Indeed, critical articles and reports on big business often appear on the pages, for example, of THE NEW YORK TIMES or on NBC television programs. Suffice it to recall the recent major scandals in U.S. ruling circles in connection with the bribery of officials by Lockheed and other firms or the revelation of the financial affairs of former

Director of the Office of Management and Budget B. Lance. In these and other cases, the authors of the introductory article emphasize, the organs of the media played a significant role in the fact that as a result considerable moral, political and economic harm was done to certain circles of American business and the political figures connected with them.

While stating this, the authors, however, deliberately overlook the fact that an obvious difference in the positions of a number of newspapers and television companies is observed in the coverage of many sensational exposures, but this indicates the considerable cooperation, which at the same time is carefully concealed from the public, of mighty political and economic forces in the United States with the allies and partners in the organs of the media. This important component of the interrelations of the mass media and business circles was virtually not covered in the book in question. On the contrary, an oversimplified scheme, which is traditional for bourgeois ideology and reduces to the assertion of the freedom and independence of the press, radio and television, which criticize, at times groundlessly, the shortcomings in the activity of business, shows through the content of all the statements, while the business circles, which have not mastered the art of getting on with journalists and show suspiciousness and distrust toward them, thereby arouse a negative attitude toward themselves on the part of the mass media. In conformity with this concept many journalists and publishers in Princeton often referred to the First Amendment of the U.S. Constitution on the freedom of speech and the press. As one publisher proclaimed, "the press is the only private institution in our country, which has constitutional privilege" (p XIX). Such ideological cliches about the "freedom" of the organs of the media in the United States are called upon to veil and distort their real social function. No matter how critical the direction of some materials of the bourgeois press with respect to the monopolies might be, the organs of the media never transgress the ideological limits set by the system of private business, of which they are the loyal apologists and advocates. At the same time the bourgeois press, by using the tactic of the "conspiracy of silence," is constantly hindering the extensive publicity of the demands of the progressive democratic forces of the country about the elimination of the absolute power of the monopolies.

It is also significant that the fundamental issue that the complicated, contradictory cooperation of big business and the big press is governed by the class nature of the capitalist system was carefully avoided at the conference in Princeton, which was held by representatives of the U.S. ruling elite. At present the leading American newspapers, television and radio stations are also, as is known, a big business. They are major corporations with revenues in the millions, are closely connected with many banks and companies, invest their money in them and recruit their representatives for their own boards. The financial status of such giants of the radio, television and newspaper industry as Time, Incorporated, THE WASHINGTON POST, CBS and others, to a large extent depends on the sizeable sums which they receive by advertising various goods. In turn the companies which produce these goods are also interested in close cooperation with the mass media,

since the effectiveness of newspaper and television advertizing directly influences profits. Influential newspapers and television companies also have ramified and stable ties in Congress, in the agencies of the Federal Government and in the party machines, while political figures strive to use the mass media to achieve their own goals. Finally, the organs of the press, radio and television are active parties to the competitive struggle among various groups of business circles. This entire set of factors leaves the greatest mark on the interrelations of American business and the mass media in the United States, which are not "free" and "independent" of bourgeois relations, but, on the contrary, are closely connected with monopoly capital.

This interdependence is of a complex and contradictory nature. Thus, J. Ferguson, chairman of the board of directors of the large company, General Foods Corporation, reflecting the prevailing position in U.S. business circles, stated that the press is "hostile to the business community and all its activity" (p XII). Such a position reveals the political conservatism of business: the monopolies repudiate the relative independence of the organs of the media, which have been compelled to a certain extent to take into account and reflect public reaction to the arbitrariness of the monopolies, and at the same time, being an integral part of the system of political power of the ruling class, to perform the role of "spotters" of the actions of business, which might lead to too serious an aggravation of social conflicts. However, many representatives of monopoly capital are clearly gravitating toward the restriction of bourgeois democratic freedoms and toward greater control over the mass media. Precisely for this reason H. Simons and J. Califano single out as one of the decisive factors in the interrelations of business circles and the mass media the frequent lack of access of journalists to many actions of companies in the sphere of business undertakings, in which the "sacred" principle of private property, which reliably conceals commercial secrets, prevails. As is noted in the book, many companies "take earnest action against the organs of the media in their aspiration to give the public information about business, which has a serious influence on world events" (p XVIII).

It is noteworthy that in the book the principle of confidentiality is irreproachably observed: the subjects of criticism are represented by such designations as "businessman," "journalist," "government representative" and so forth. The secret nature of the discussions enabled influential business circles, leading publishers and journalists, as well as officials to conceal from the public the true nature of what is happening in the "kitchen" of the publishing and television business in the United States.

Strategic Planning and Policy

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 pp 117-119

/Review by G. B. Kochetkov of the book "Strategic Planning and Policy" by W. King and D. Cleland, New York, Van Nostrand Reinhold Company, 1978, X+374 pages/

/Text/ One of the central problems of the management of American firms is the search for ways to coordinate more closely the operation of the numerous departments and branches of the complicated economic complex, such as the modern corporation is, and its adaptation to rapidly changing external conditions. The solution of this problem now not only depends on the effectiveness of the system of intrafirm management, but also requires the study of the characteristics of the external environment (the conditions of competition, the main trends of scientific and technical progress and so forth). The domination of capitalist chaos and the anarchy of social production make this problem difficult to solve even with the maximum utilization of modern economic-mathematical methods and electronic computer means of gathering, processing and transmitting data.

The increase of attention toward the strategic aspects of administrative activity is a characteristic feature of American management of the 1970's. This trend has become the subject of numerous studies, one of which is the book being reviewed by systems analysis specialists William King and David Cleland, professors of the University of Pittsburgh, who are well known to the Soviet reader owing to the translation of their book "Systems Analysis and Project Management" ("Sovetskoye radio", 1974).

In their new work the authors develop the concept of the "future-oriented corporation," which has already become widespread among American management theoreticians. However, as often happens, the practice of introducing management innovations lags considerably behind theoretical studies. The book under review is called upon to bridge this gap and to show rank and file managers, for whom it is first of all intended, how strategic planning and management are carried out at "the most advanced corporations."

The authors set forth a number of new interpretations and approaches to strategic planning. First of all in the book an attempt is made to distinguish between long-range and strategic planning. For example, a paper-making company, on the plots of which a forest grows for 30 years until it is completely ready, should have without fail long-range plans intended for not less than this period (p 5).

Strategic planning, it is noted in the book, "involves first of all the development of organizational effort, which is aimed at the identification of the goal of the organization, the direction of its development and a list of promising goods and services, as well as the formulation of the policy of introduction, by means of which the goals and aims of the organization could be achieved" (p 6).

The long work experience of management consultants in government and business enabled the authors to cast doubt on a number of concepts which have become fixed in special literature. This pertains, in particular, to the prevalent thesis about the "separation of strategy from tactics," which is embodied organizationally in the creation of ultraspecialized planning departments. Without belittling the importance of this process for the creation of planning systems in corporations, W. King and D. Cleland convincingly demonstrate its inadequacy in their book. Professional planners merely promote the emergence of the planning process and ensure its effectiveness, but they cannot carry out strategic planning themselves in the organization--this is one of the central theses of the book. "Planning should be carried out by those managers who will then be responsible for the fulfillment of the plans," the authors of the book conclude (p 23). From this position, by using the method of systems analysis, W. King and D. Cleland examine strategic planning, illustrating their conclusions with examples from the practice of such leading firms as General Electric, Westinghouse and others.

"The goal of the planning process," the authors write, "is the establishment of the direction of development, the aims, the strategies, the programs and the allocation of the resources which would enable the organization to best cope with an uncertain future" (p 45). Here the general direction of the development of the firm is determined, and alternate strategies to achieve the main organizational goals are formulated within it. The programs and projects function as the means of the planning and management of individual types of activity within the chosen strategy and make it possible to establish quantitative measures of efficiency. The set of aims, strategies and programs should constitute an interconnected system, which is regarded in the book as the "output" of the planning process. Here the formulation of the general line and system of goals is the highest, most important and least comprehensible level of strategic planning. The authors are forced to admit that for many companies the words, in which their aims are expressed, often differ from the deeds. The allusion to the fact that organizations easily lose their general direction of development, if there are too many goals, and the periodic discussion of the prospects of development, in which as wide a range of staff members as possible should be involved, is necessary (p 159), does not clear up the situation which has formed. In reality companies easily reject their own long-range and strategic goals and revise them, if the latter contradict the principle of maximizing the profit--the highest goal of any capitalist company.

In analyzing the methodology of strategic planning as such, the authors stress that the entire process of compiling a strategic plan is aimed at the identification and establishment of the possibility of the utilization of factors which are external with respect to the given firm (the conditions of competition, the general trends of business development, including in the sectors which have direct contact with the activity of the firm, the main changes in the environment, resources and so on). But at the same time the analysis of the internal strong and weak aspects of organization and management in the firm itself occupies an important place.

W. King and D. Cleland consider the making of a "strategic choice" to be the central link of the entire process of strategic planning. "Organizations," they write, "can constantly check their goals and general direction, but under normal conditions they do not make frequent and significant changes in them. Some companies maintain one line of general development for decades, while the majority of companies change their aims no more often than once a decade. Therefore, as compared with the determination of the general direction and the formulation of the goals, the strategic choice is the most important type of activity, which leads to significant and constant changes" (p 163).

The process of strategic planning concludes with the allocation of resources. In analyzing such well-known systems as planning-programming-budgeting (PPB), management by objectives (MBO), program evaluation, zero-base budgeting (ZBB), the authors note, in particular, that the system of ZBB, which is being extensively boosted by the Carter Administration, requires very large expenditures on its introduction, but at the same time the effectiveness of its use, especially in strategic planning, has not yet been confirmed by practice (p 214).

W. King and D. Cleland devote considerable space to the examination of the processes of information supply. They come to the conclusion that the management of firms needs the information, which is necessary for strategic planning, in their everyday activity, therefore a special system of information supply is necessary for the effective performance of this function. An enthusiasm for the creation of automated management information systems, which are designed for day-to-day monitoring of resources, has been observed in the United States in recent years. The authors regard this process as a necessary stage on the path of the conversion to the creation of automated strategic data processing systems, although the system of strategic planning cannot be automated to the same extent as systems of operational management.

The book concludes with an examination of the organizational prerequisites of strategic planning. It is emphasized that strategic planning always leads to changes and innovations. Therefore, only a highly adaptive organizational structure is capable of effectively realizing the planning process, in which the managers of all levels and ranks, and first of all the line managers of the lowest level, should be involved.

The authors introduce the concept "organizational structure" as one of the central characteristics which determine the behavior of a person in the organization. "The success of long-term planning in the organization is less sensitive to the specific nature of the planning methods which are used here than to the general culture within which the planning is carried out" (p 273).

Several versions of strategic management have been developed in the United States. In the book the experience of setting up "strategic business units" at General Electric and Westinghouse Electric is examined as the most successful example (pp 299-300).

The publication of the book of W. King and D. Cleland under the conditions, when many theoretists of American management have begun to cast doubt on the value of the use of systems concepts in management, is very significant. Using the example of the solution of strategic planning problems, which are very pressing for U.S. corporations, the authors convincingly showed the fruitfulness of systems principles and their great effectiveness in the solution of specific problems.

American Scientific Institutions

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/Review by A. Ya. Bulovinova of the book "Formirovaniye i osobennosti seti nauchnykh uchrezhdeniy SShA" (The Formation and Peculiarities of the System of U.S. Scientific Institutions) by O. A. Aleksandovskaya, Moscow, "Nauka", 1979, 205 pages/

/Text/ The study gives a complete idea of the structure of the scientific system and the main stages of its formation in the United States, which has highly organized production and a developed scientific research base. The author examines in detail the organization of research activity in government departments and at "nonprofit" research organizations, in industry and at higher educational institutions.

The author divides all the institutions forming the U.S. scientific system into three basic groups: those which engage mainly or primarily in basic theoretical research; those which conduct mainly or primarily applied research and development; institutions of the mixed type, at which both basic and applied research and development are conducted. The leading role in basic theoretical research belongs to universities and the scientific institutions under their jurisdiction.

In the work it is noted that for all the diversity of types of research organizations the U.S. scientific system is notable for a high concentration of centers and laboratories, research programs and personnel, which is governed by the processes of concentration, which are taking place in the economy, on the one hand, and by the laws of the development of modern science, on the other. The majority of the research and development is concentrated at major companies and corporations. The spending of the 100 largest U.S. companies constitutes more than 70 percent of all the expenditures of private companies on science.

The analysis of American higher educational institutions as the most important scientific research institutions and the classification of higher educational institutions, which is cited in the book, are interesting (p 113).

The author cites a classification of higher educational institutions, from which it is evident that universities, while making up only 10 percent of

of all the higher educational institutions of the country, are the centers of science in the United States (p 115). In the group of leading American higher educational institutions 20 "super" higher educational institutions are distinguished, which conduct a third of all the scientific work being performed in the system of the higher school (Table 12, p 124).

The examination of the spatial concentration of the scientific system on the territory of the country as a whole is of great interest.

NATO Military Threat

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 2, Feb 80 p 120

/Review by V. A. Mazing of the book "SShA i NATO: istochniki voyennoy ugrozi" (The United States and NATO: Sources of a Military Threat) by N. F. Petrov, N. I. Sokolov, P. P. Katin and I. V. Vladimirov, Moscow, Voyenizdat, 1979, 254 pages/

/Text/ The military policy of the United States--the leading power of NATO in the period after World War II--is examined in the work.

The authors convincingly show that the achievements of the world socialist community, the growth of the national liberation movement and the intensification of the external and internal contradictions of capitalism have a direct influence on its evolution. At the same time U.S. military policy of the 1970's, as is justly noted in the monograph, continues to bear the burden of unrealistic military notions and hegemonistic illusions (p 75).

The authors analyze in adequate detail the military policy of the United States and its NATO allies in different regions of the world: Western Europe, Asia, Latin America, Africa, the Indian Ocean region, the Near and Middle East. It is emphasized, in particular, that "characteristic of this policy in the 1970's are the attempts to promote the bloc strategy" and "to use conflict situations in the developing countries for their own goals" (pp 62, 157). In the book a description of the armies of the NATO member countries is given and the aggressive essence of the tasks facing them is revealed.

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THE UNITED STATES GEOLOGICAL SURVEY

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/Article by B. P. Sitnikov/

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